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We compound into reality

Annual Report

2010-2011



Kalpena Industries Limited

An ISO 9001 Company

Annual General Meeting
on
12th November, 2011
at
10.00 A.M.
at
Gyan Manch Auditorium,
11, Pretoria Street, Kolakta – 700 071

Book Closure Dates

5th November, 2011 to 12th November, 2011 (both days inclusive)

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Corporate Information

Board of Directors

(As on 29th September, 2011)

Chairman

Mr. D. C. Surana

Vice Chairman and Managing Director

Mr. Narrindra Suranna

Whole Time-Director

Mr. Rajesh Kumar Kothari

Non Executive Directors

Mr. Nirmalendu Guha

Dr. Rupak Dasgupta

Mr. Indranil Dasgupta

Senior President

Mr. Jitendra Tiwari

Chief Financial officer

Mr. I. C. Dakalia

Auditors

M/s D. C. Dharewa & Co.

Chartered Accountants

Plant Location

Dullagargh, Santragachi (W.B.)

Bhasa, Diamond Harbour Road (W.B.)

Falta SEZ, (W.B.)

Daman (Union Territory)

Dadra I & II (Union Territory)

Bhiwadi, Delhi

Registered Office

2B, Pretoria Street,

Kolkata - 700 071

Tel: 91-33-2282 3744 / 3745

Fax: 91-33-2282 3739

E mail : kolkata@kalpena.co.in

www.kalpenagroup.com

Company Secretary

Mr. A.B.Chakrabartty

Bankers

Dena bank

State Bank of India

Standard Chartered Bank

HSBC Bank

HDFC Bank

Registrar & Share Transfer Agent

M/s. C B Management Services (P) Ltd.

(Unit Kalpena Industries Ltd),

P-22, Bondel Road,

Kolkata - 700 019

Tel: 91-33-2280 6692/93/94/2486/4011 6700

Fax : 91-33-2287 0263

E-mail : rta@cbmsl.com



Chairman's Message



Dear Shareholders,

Warm greetings to you all;

It gives me great pleasure to welcome you all to the 26th Annual General Meeting of the Company. It is a privileged event for me to report a very satisfying journey of our company with a promising performance for the fiscal year 2010-11. I am glad to have this opportunity to share with you the inspired endeavours of your company.

The fiscal year 2010-11 was a much competitive year for Plastic Industry when there were frequent fluctuations in the prices of raw materials with overall rise in the price trends. The products of Kalpena Industries Limited find application mainly in cable industries, packaging industries and footwear Industries. These industries had done fairly well in 2010-2011 and, consequently, it positively impacted the top line of your company. However, the current year seem to be challenging for your company, mainly due to high inflation and series of interest rates hike. Moreover, the question of price stability in polymer market across India is uncertain.

Your company continues to move forward on its vision of the leading manufacturer of Polymer compounds in India. During the year, Bavaria Poly Private Limited engaged in the business of manufacturing and dealing in plastic Agglomerates and Granules (i.e. recycling of plastic scraps into agglomerates and granules for which the company is having a specific license issued by Development Commissioner, Falta Special Economic Zone), was merged into your company.

In a drive towards the strategic expansions, your company has setup a manufacturing unit at Dullagarh, Satragachhi, West Bengal and commercial production started in this year. Your Company offers a range of products to domestic and industrial users. In the years to come, it will come up with more and more range of new products to satisfy the needs of the Customers. Kalpena Industries Limited is confident of accomplishing volume growth and, consequently, the increasing in market share in very near future. Your company, being the only local player for Medium Voltage cables, enjoys possibility of achieving higher volumes and margins. Also, your company has more expansion Projects in pipe line for catering to the untapped regions to enlarge geographic footprint in various parts of the country.

Today, Kalpena has one of the strongest operating matrix in the Plastics Industry in India. With its cost competitiveness, quality products, a robust marketing distribution system and extensive network, it has reinforced its formidable brand position amongst wide ranging and far flung customer base.

The Company has taken well timed and adequate steps in the area of its financials, not only to ensure healthy leveraging but also availability of adequate financial resources to meet its ever growing aspirations.

I am happy that your Directors have recommended a dividend of 22% for 2010-2011 on paid up capital which is at the same level to the previous year of dividend paid by the Company.

Lastly, I, wish to thank my colleagues on the Board, the dedicated Management team and employees at all levels, for their continuous support. I would also like to thank the stakeholders, distributors, vendors and financial institutions of your company for their unstinted support.

With Best Regards,

D.C.Surana



Board of Directors

D.C.Surana

Mr. D.C.Surana, aged about 75 years, is the Founder member of Kalpena Industries Limited. He possesses rich profile of more than 40 years of experience in the field of plastic industry.

Narrindra Suranna

Mr. Narrindra Suranna, aged around 49 years, is a B.Com (Hons.), and L.L.B from Calcutta University. He also has done his MBA from Harvard University (correspondence course). Currently, he is holding the position of Vice chairman & Managing Director of the Company. He has been associated with the Company since inception. He has got wide experience in Plastic Industry. Due to his able leadership the Company has reached its present height.

Nirmalendu Guha

Mr. N.Guha, aged about 78 years, an engineer by profession, has been associated with the Company in the capacity of Independent Director and Chairman of Audit Committee of the Board. Mr. Guha has received his engineering degree from India and UK. His qualification include M.Tech (P.Eng & Mgt.), C.Eng, FIE (India), FI Plant E (UK), Hon FIPE, MMFI. Mr. Guha has wide experience in the Corporate world and has held distinguished positions in prestigious companies. He has remained Vice – Chairman and Managing Director of IFB Agro Industries and Chief Executive – MD and CM of Tea Trading Corporation of India.

Rupak Dasgupta

Dr. R. Dasgupta, aged about 67 years, has been associated with the Company since 2003 as an Independent Director. He has done his M.Sc. form Jadavpur University and PhD from Calcutta University. He has held senior positions in Plastic and Polymer Industries and possesses more than 39 years of experience in the corporate arena.

Rajesh Kumar Kothari

Mr. Kothari, aged about 47 years, a Graduate (B.Com) from Rajasthan University, Ajmer, has more than 25 years of experience in the areas of marketing, after sale service and market research. He started his career in the year 1985 at Kanoria Chemicals & Industries Limited. He has been associated with Kapena since 1997.

Indranil Dasgupta

Mr. Indranil Dasgupta, aged about 43 Years, is a Graduate and has also done Bachelor of Engineering in Chemical Engineering from Jadavpur University, Kolkata. He has over 20years of experience in Corporate Finance. He started his career as an Executive Trainee in Hindustan Lever Ltd in the year 1991 -92. In the year 2006 he worked as Managing Director (Indian Operation) in IDIADA Automotive Technology S.A, of Spain. Currently he is associated with SREI Group.



Vision Vision Vision Vision

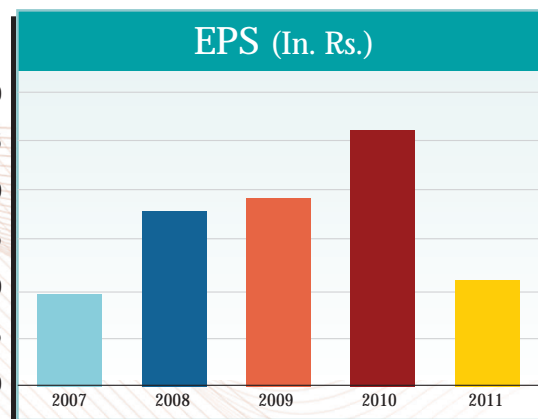
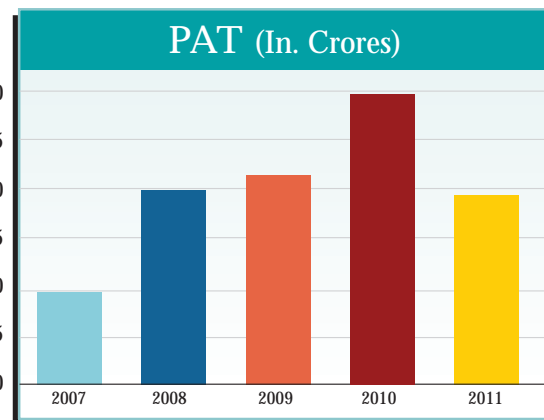
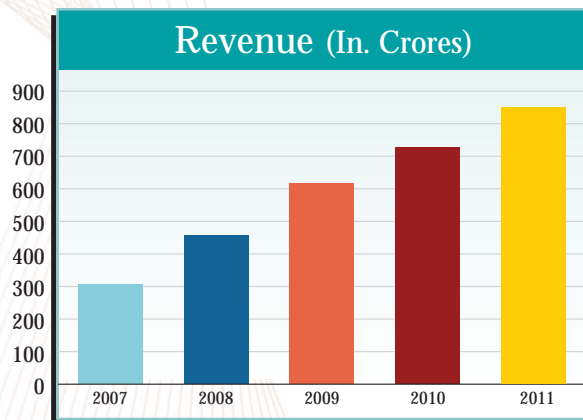
Vision without action is just a dream;
 Action without vision merely passes the time;
 Vision with action can change the world.



Narrindra Suranna
Vice Chairman and Managing Director

Five Years at a Glance

Rs. In Crores:	2007	2008	2009	2010	2011
Net Revenue	306.75	454.48	604.11	724.41	847.58
PAT	9.80	20.87	21.85	29.90	19.13
EPS (Rs.)	9.27	18.06	18.91	25.88	11.71
Net Worth	34.26	52.43	71.58	108.04	178.15
Dividend (%)	20%	20%	20%	22%	22%



NOTICE OF ANNUAL GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the 26th (Twenty-Sixth) Annual General Meeting of the Members of KALPENA INDUSTRIES LIMITED will be held at Gyan Manch, 11, Pretoria Street, Kolkata – 700 071 on Saturday, the 12th day of November, 2011, at 10.00 A.M. to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Directors' and the Auditors' Reports, thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2011.
3. To appoint a director in place of Mr. Nirmalendu Guha, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 255, 256 and 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or reenactment thereof, Mr. Rajesh Kumar Kothari, who was co-opted as an Additional Director of the Company under provisions of Section 260 of the Companies Act, 1956 and Article 103 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, whose period of office shall not be liable to determination by retirement of directors by rotation.”

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 255, 256 and 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or reenactment thereof, Mr. Indranil Dasgupta, who was co-opted as an Additional Director of the Company under provisions of Section 260 of the Companies Act, 1956 and Article 103 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation.”

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 and other applicable provisions if any, of the Companies Act, 1956 (the Act), read with Schedule XIII to the Act, including any statutory modification(s) or reenactment thereof, for the time being in force, and all other applicable guidelines relating to managerial remuneration issued by the Ministry of Corporate Affairs, from time to time, or any other law and subject to such other approvals, as may be necessary, and as are agreed to by the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any committee thereof and any person authorized by the Board in this behalf), and as per the provisions of Articles of Association of the Company, consent of the members be and is hereby accorded to the appointment of Mr. Rajesh Kumar Kothari as Whole Time Director of the Company, for a period of 5 (five) years with effect from 12th August, 2011, at the remuneration and upon the terms and conditions as are set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee thereof and any person authorized by the Board in this behalf) shall, in accordance with the statutory limits/ approvals as may be applicable for the time being in force, be at full liberty to revise/alter/modify/amend/change the terms and conditions of the appointment and remuneration, from time to time, as may be agreed to by the Board and Mr. Rajesh Kumar Kothari.”

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

Borrowing Powers:

“RESOLVED, in supersession to the resolution passed at the 23rd Annual General Meeting of the Company held on 23rd September, 2008 and pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or reenactment thereof for the time being in force) and subject to such other approvals as may be necessary, THAT consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money from time to time from anyone or more of the Company’s Bankers and/or from anyone or more Firms, Bodies Corporate, Financial Institutions, Mutual Funds, Foreign Bankers, Foreign Financial Institutions, Foreign Institutional Investors, Overseas Corporate Bodies, Overseas Mutual Funds, Trusts or such other bodies or entities whether by way of cash credit, loans, advances, deposits, loans or bills discounting, deferred payment guarantees, issue of debentures, external commercial borrowings or otherwise, in any other mode or form, and whether unsecured or secured by mortgage, charge, hypothecation, lien, or pledge of the Company’s assets and properties, whether immovable or movable or stock in trade (including raw materials, spare parts and components in stock or in transit and work in progress) or by any kind of guarantees and all or any of the undertakings of the Company, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so however that the total amount upto which the monies may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 1500 Crore (Rupees One Thousand Five Hundred Crore Only) exclusive of interest, and that the Board of Directors is hereby further authorized to execute such deeds of debenture trust and deeds of mortgage , charge, hypothecation, lien, promissory notes, deposit receipts, guarantees/assurance deeds and other deeds and instruments or writings containing such conditions and covenants as the Board of Directors in its absolute discretion may think fit.”

9. To consider, and if thought fit, to pass , with or without modification(s), the following resolution as an Ordinary Resolution:

Authority to Mortgage:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, (including any modification or reenactment thereof , for the time being in force) , to the Board of Directors of the Company to mortgage and /or charge, in addition to the mortgages and / or charges created / to be created by the Company, in such forms and manners and with such ranking as to priority and for such time and on such terms as the Board of Directors may determine , on all or any of the movable and / or immovable, tangible and / or intangible properties of the Company , both present and future wheresoever situate and / or the whole or substantially the whole of the undertaking(s) of the Company, in favour of lenders, Agents, Financial / Investment Institution(s) , Bank (s) / Trustees to secure loan and / or other credit facilities availed or proposed to be availed, the debenture / bonds issued or proposed to be issued, whether in foreign currency and /or Rupee currency in whatever manner, for a sum not exceeding Rs. 1500 Crore (Rupees One Thousand Five Hundred Crore only) together with interest, compound interest , accumulated interest, liquidated damages, commitment charges and such other costs, charges, expenses and other monies payable by the company in terms of the loans and any other documents entered into or proposed to be entered into between the Company and the lenders, Agents, Financial / Investment Institution(s) , Bank (s) / Trustees, in respect of the said loans / borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lenders, Agents, Financial / Investment Institution (s) , Bank (s) / Trustees.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to

settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid.”

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the companies Act, 1956, the Register of Members and Index of Members, in respect of shares / securities issued by the Company and the copies of all Annual Returns , prepared under Section 159 and 160, together with copies of the certificates and documents required to be annexed thereto under section 160 and 161, be kept at the office of the Registrar & Share Transfer Agents of the Company viz. M/s. CB Management Services (P) Limited, at P-22, Bondel Road, Kolkata – 700 019 or at any other place of office of Registrar & Share Transfer Agent, in Kolkata.”

Registered Office:
2B, Pretoria Street,
Kolkata-700071

By Order of the Board of Directors

A.B.Chakrabartty
Company Secretary

Date: 29th Day of September, 2011

Place: Kolkata

Notes:

- 1) A member entitled to attend and vote at the annual general meeting (the “meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not to be a member of the company. A proxy shall not have any right to speak at the meeting. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of meeting. The proxy form is appended with the admission slip.
- 2) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote, on their behalf, at the Meeting.
- 3) The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, 05th November, 2011 to Saturday, 12th November, 2011 (both days inclusive).
- 4) The dividend, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be credited / dispatched between 16th November, 2011 and 3rd December, 2011 to those members or to their mandates :-
 - a. whose names appear as Beneficial Owners as at the end of the business hours on 4th November, 2011 in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), in respect of the shares held in electronic form; and
 - b. whose names appear as Members in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the company / its Registrars & Share Transfer Agents on or before 4th November, 2011.

- 5) Reserve Bank of India has initiated National Clearing Service (NECS) for credit of dividend directly to the bank account of Members.
- 6) Members, holding shares in physical mode are requested to notify the change in their address / mandate/ bank account to M/s. CB Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019, the Registrar & Share Transfer Agent of the Company.
- 7) Members, holding Shares in Demat mode are requested to notify the change in their address / bank account details to their respective Depository Participant(s) (DPs).
- 8) Pursuant to the provisions of section 205A and section 205C of the Companies Act, 1956 no amount is due for transfer to the Investor Education and Protection Fund established by the Central Government.
- 9) Members can avail of the facility of nomination in respect of the Equity Shares held by them in physical form pursuant to the provisions of Section 109A of the companies Act, 1956.

Members holding shares in electronic form may obtain the Nomination forms from their respective Depository Participants.

- 10) Shareholders are requested to bring their copy of the Annual Report 2010-11 at the venue of the Meeting.
- 11) Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of Meeting.
- 12) Brief resume of Directors seeking appointment / re appointment including nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership / chairmanship of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided elsewhere in the notice.

REQUEST TO MEMBERS

Members desirous of getting Information / Clarification on the Accounts and Operations of the company or intending to raise any query are requested to forward the same at least 7 days in advance of the meeting to the Company Secretary at the office address so as the same may be attended appropriately.

Registered Office:
2B, Pretoria Street,
Kolkata-700071

Date: 29th Day of September, 2011
Place: Kolkata

By Order of the Board of Directors

A.B.Chakrabartty
Company Secretary

Green Initiative

The Ministry of Corporate Affairs (MCA), Government of India, has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies after considering the relevant sections of the Information Technology Act, 2000, for legal validity of compliances under Companies Act, 1956 through electronic mode. The MCA has vide circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29,2011, provided that a company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode, provided the company has obtained the e-mail addresses of its members for sending the notice / documents through email by giving an advance opportunity to every member to register his / her email address and changes therein from time to time with the company. In cases where any member has not registered his / her e-mail address with the Company, the service of documents etc. will be effected by other modes of service as provided in Section53 of the Companies Act, 1956.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who holds shares in physical mode are requested to register the same with Company’s RTA i.e. CB Management Services (P) Ltd.

Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956

Item No. 5

The Board of Directors of the Company at its meeting held on 11th August, 2011, appointed Mr. Rajesh Kumar Kothari as an Additional Director with effect from 12th August, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 103 of the Articles of Association of the Company. According to the provisions of the said Section and Article, Mr. Kothari would hold office upto the date of this Annual General Meeting.

The Company has, however, received a notice, in writing from a member, under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Rajesh Kumar Kothari for the office of Director of the Company. Requisite consent, pursuant to Section 264(1) of the Act, has been received from Mr. Kothari to act as such Director, if appointed. Mr. Kothari is associated with Kalpena from 1997 and has over 26 years of experience in corporate world.

Mr. Rajesh Kumar Kothari, is not disqualified from being appointed as Director in terms of section 274(1) (g) of the Act. The Company has received a letter from Mr. Kothari, in term of companies (Disqualification of Directors under section 274(1) (g) of the Act.), confirming his eligibility for such appointment.

The Board of Directors recommends the Resolution, being Item No.5 of the Notice convening this AGM, for approval of the members.

Save and except Mr. Rajesh Kumar Kothari, no director of the company is concerned or interested in the resolution.

Item No. 6

The Board of Directors of the Company at its meeting held on 11th August, 2011, appointed Mr. Indranil Dasgupta as an Additional Director with effect from 12th August, 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 103 of the Articles of Association of the Company. According to the provisions of the said Section and Article, Mr. Dasgupta would hold office upto the date of this Annual General Meeting.

The Company has, however, received a notice, in writing from a member, under the provisions of section 257 the Companies Act, 1956, proposing the candidature of Mr. Indranil Dasgupta for the office of Director of the Company. Requisite consent, pursuant to Section 264(1) of the Act, has been received from Mr. Indranil Dasgupta to act as such Director, if appointed. Mr. Dasgupta is a Chemical Engineer from Jadavpur University, Kolkata with over 20 years of experience in corporate finance and associated with various reputed companies.

Mr.Indranil Dasgupta, is not disqualified from being appointed as Director in terms of section 274(1) (g) of the Act. The Company has received a letter from Mr. Dasgupta, in term of companies (Disqualification of Directors under section 274(1) (g) of the Act.), confirming his eligibility for such appointment.

The Board of Directors recommends the Resolution, being Item No. 6 of the Notice convening this AGM, for approval of the members.

Save and except Mr. Indranil Dasgupta, no director of the company is concerned or interested in the resolution.

Item No. 7

The Board of Directors has appointed Mr. Rajesh Kumar Kothari as a Whole Time Director of the Company for a period of five years, with effect from 12th August, 2011, on the following main terms and conditions:

1. The appointment shall be for a period of 5 years commencing from 12th August, 2011 as Whole Time Director.
2. Mr. Kothari will not be liable to retire by rotation while he continues as a Whole Time Director of the Company.
3. As Whole Time Director, Mr. Kothari shall perform such duties and exercise such powers as are entrusted to him, from time to time, by the Managing Director and /or the Board of Directors.

4. In consideration of the performance of his duties to the Company, Mr. Kothari shall be entitled to the following remuneration :
 - A. Salary :
Rs. 1,00,000/- (Rupees One lac only) per month in the scale (1,00,000 – 8,500 – 1,34,000).
 - B. Perquisites :
 - I. One month's salary as Bonus.
 - II. One month's paid leave per year, which may be encashable in part, or in full, as per the Company Rules.
 - C. Gratuity :
As per the Company Rules.
5. Minimum Remuneration:
Notwithstanding anything herein contained, where in any financial year during the currency of the tenure of office of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites, as specified above, as minimum remuneration, subject to the ceiling specified in schedule XIII of the Companies Act, 1956 or any amendments thereto.
6. Within the overall ceiling on managerial remuneration prescribed under the Companies Act, 1956, or any statutory modification or reenactment thereof, the Board shall be entitled to add to, alter or vary any of the foregoing terms of remuneration, benefits or perquisites to which Mr. Kothari may be entitled as aforesaid.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Kothari, Whole Time Director of the Company and Memorandum of interest of the Director pursuant to section 302 of the Companies Act, 1956.

The approval of the members is sought pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII thereto, for the above appointment of Mr. Rajesh Kumar Kothari as Whole Time Director of the Company and payment of remuneration to him.

The Board of Directors recommends the Resolution, being Item No. 7 of the Notice convening this AGM, for approval of the members.

Save and except Mr. Rajesh Kumar Kothari, no director of the company is concerned or interested in the resolution.

Item No. 8

The Members of the Company had, in their meeting held on 23rd September, 2008, approved borrowings upto an amount Rs. 500 Crores (Rupees Five hundred crore only) and authorized to borrow funds from time to time, for the business of the Company. However, in view of expansion of the Company's business year after year the existing borrowing limits are found to be inadequate.

Pursuant to Section 293 (1) (d) of the Companies Act, 1956 approval of shareholders is required for increasing the borrowing as suggested above and to authorize the Board to borrow funds from time to time from Banks, FIs, FIIs, International Lenders etc.

The Board of Directors of the Company has approved the enhancement of the Borrowing limits of the Company in its meeting held on 29th September, 2011, subject to the approval of members in the General Meeting.

Therefore your Directors place before the members the proposal to further increase the maximum borrowing limit to Rs.

1500 Crore (One Thousand Five Hundred Crore only) at any one time exceeding the aggregate of the paid up share capital and free reserves as on the date of accompanying notice.

None of the directors of your company is, in any way, concerned or interested in the resolution, except Mr. D.C.Surana and Mr. Narrindra Suranna as shareholders holding in aggregate very negligible per cent of the issued shares in the capital of the company.

Item No. 9

The borrowings by a Company , in general, is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the Company in such form , manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s). In order to mortgage or hypothecate the assets of the Company the consent of the shareholders in General Body Meeting is required under section 293 (1) (a) of the Companies Act, 1956 authorizing the Board of Directors with necessary powers.

The Board of Directors accordingly recommends the resolution, being item No.9 of the accompanying notice, for approval of the members.

None of the directors of your company is, in any way, concerned or interested in the resolution, except Mr. D.C.Surana and Mr. Narrindra Suranna as shareholders holding in aggregate very negligible per cent of the issued shares in the capital of the company.

Item No. 10

The Company had obtained approval of members at its 18th Annual General Meeting held on 30th August, 2003, for keeping the Register of Members, Index of members and copies of Annual Return etc. at the office of the then Registrar & Share Transfer Agents of the Company viz. M/s. S.K.Computers, 34/1A, Sudhir Chetterjee Street, Kolkata – 700 006.

The Board of Directors at its meeting held on 14.05.2011 , have appointed M/s. CB Management Services (P) Ltd, as Registrar & Share Transfer Agents , having office at P-22, Bondel Road, Kolkata – 700 019 , both for Physical as well as de mat mode with effect from 1st July, 2011.

In view of this, fresh approval of the members is desirable / required for maintaining the Register of Members, Index of members and copies of Annual Return etc. at the new address of Registrar & Share Transfer Agent of the Company.

The Board of Directors accordingly recommends the resolution set out in item No.10 of the accompanying notice, for approval of the members.

None of the directors is, in any way interested or concerned in the resolution, except as members of the Company.

BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT / RE APPOINTMENT, NATURE OF THEIR EXPERTISE IN SPECIFIC FUNCTIONAL AREA AND NAME OF THE COMPANIES IN WHICH THEY HOLD DIRECTORSHIP AND MEMBERSHIP / CHAIRMANSHIP OF BOARD COMMITTEES, AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES IN INDIA.

Name of Director	Date of Birth	Qualification	Experience	Directorship and Membership / Chairmanship in other Companies in which he is a director. #	Shareholdings in Kalpena
Mr. Nirmalendu Guha	14.11.1932	M.Tech (P.Eng & Mgt.), C.Eng, FIE (India), FI Plant E (UK), Hon FIPE, MMFI	Mr. Guha has wide experience in the Corporate world and has held distinguished positions in prestigious companies. He has remained Vice – Chairman and Managing Director of IFB Agro Industries and Chief Executive – MD and CM of Tea Trading Corporation of India.	Damodar Ropeways (India) Limited	NIL
Mr. Rajesh Kumar Kothari	05.06.1964	Graduate (B.Com) from Rajasthan University, Ajmer	Mr. Kothari has more than 25 years of experience in the areas of marketing, after sale service and market research. He started his career in the year 1985 at Kanoria Chemicals & Industries Limited. In the year 1997 he joined Kalpena.	None	NIL
Mr. Indranil Dasgupta	08.12.1968	Graduation with Bachelor of Engineering in Chemical Engineering from Jadavpur University, Kolkata	Mr. Dasgupta has over 20 years of experience in Corporate Finance. He started his career as an Executive Trainee in Hindustan Lever Ltd in the year 1991 -92. In the year 2006 he worked as Managing Director (Indian Operation) in IDIADA Automotive Technology S.A, of Spain. Currently he is associated with SREI Group.	None	NIL

Note: Excludes Directorships in Private Limited Companies, Foreign Companies and Government Companies

Directors' Report

Dear Shareowners,

The Directors have pleasure in presenting the 26th Annual Report on the business and operation of the Company together with Audited financial statements and accounts for the year ended 31st March, 2011.

Amalgamation of Bavaria Poly Private Limited with the Company

Bavaria Poly Private Limited (BPPL) has been amalgamated with the Company. The Scheme of Amalgamation was sanctioned by the Hon'ble High Court of Judicature at Kolkata vide order dated 28st July, 2011 certified copy of the same was received on 2nd September, 2011. The scheme became effective on 5th September, 2011 and the appointed date of the scheme being 1st April, 2010.

The Amalgamation follows the Company's philosophy of creating enduring value of all its stakeholders. The amalgamation creates a platform for value enhancing growth and reinforces the Company's position as market leader.

Financial Results

The Assets and Liabilities of BPPL and its operating results have been incorporated in the Company's books with effect from April 1, 2010 (Appointed Date). The financial performance of the Company, for the year ended March 31, 2011 is summarized below:

	(Rs. In Thousand)	
	2010-2011	2009-2010
Net Turnover and other Income	84,75,847	72,44,087
Profit before Depreciation, Interest & Tax	4,60,670	5,60,977
Less : Depreciation	70,541	56,737
Interest	1,10,772	1,09,570
Profit before Tax	2,79,358	3,94,670
Less : Provision for Tax	86,487	93,491
Profit After Tax	1,92,870	3,01,179
Less : Prior Period Expenses	1,549	2,116
Net Profit for the year	1,91,321	2,99,063
Add: Profit brought forward from previous year.	6,66,397	4,80,138
Add: Balance b/f from Amalgamating Company	(8,122)	(3,164)
Amount Available for Appropriation	8,49,596	7,76,037
Appropriation		
Proposed final dividend on Equity Shares	41,392	25,418
Corporate Dividend Tax	6,715	4,222
Transfer to General Reserve	40,000	80,000
Surplus carried to Balance Sheet	7,61,489	6,66,397

(Financial Results for the year 2010-2011 include figures of BPPL and therefore to that extent are not comparable with the figures for 2009-2010)

Operations

Your company is continuously moving towards its journey of excellence by maintaining benchmark performance in polymer compounds segments. For the period under review, the company has achieved a sales turnover of Rs. 847.58 Crore, against Rs. 724.41 Crore in the previous year.

However, the current year seem to be challenging for your company, mainly due to high inflation and series of interest rates hike. The profit after tax for the current year is Rs. 19.13 Crore as compared to Rs. 29.91 Crore in the previous year.

The Company's Production and Sales have recorded a

significant growth over the previous year. Capacity utilization was also higher as compared to industry's average. Your Company has consciously been following a policy of steady growth in production for last several years.

The Company has recently commissioned a new production unit at Dullagarh, near Kolkata, West Bengal. The new unit is producing various grade of Compounds which includes XLPE, Filled PP for furniture & appliances, Filled PE Compounds for antifab used for Woven Sack, white and black Master Batches, Rigid and Flexible PVC Compound used for Cable Insulation, Footwear & Pipe Jointing and other value added composition like Zero Halogen Fire Retardant Compound and Engineering Plastics. The Company continued its on-going effort to increase all-round efficiency and reduced cost.

Dividend

In view of the sustained performance, your Directors are pleased to recommend for approval of the members a dividend of Rs. 2.20/- per equity share i.e. 22% for the financial year ended March 31st, 2011, which if approved by the members, will be paid to the members whose names appear in the register of members as on 04th November, 2011 and in respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners. The total dividend payout will amount to Rs. 4.81 Crore, including Rs. 0.67 Crore as tax on dividend.

General Reserve

Out of the amount available for appropriation for the financial year 2010-11, an amount of Rs. 4 Crore has been transferred to the General Reserve.

Preferential Issue of Shares.

In order to meet the funding requirements of normal capital expenditure, new acquisitions, to improve manufacturing facilities, repayment of high cost loans and other corporate purposes of the Company, your company has allotted 60,00,000 equity shares to promoters and strategic investors, on preferential basis, on conversion of warrants issued earlier at a price of Rs. 80/- per share including premium of Rs. 70/- per share.

Fixed Deposits

Your Company has not accepted any fixed deposit during the year under review in terms of Section 58A of the

Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975 and hence no amount of principal or interest was outstanding as at the Balance Sheet date.

Research and Development

Your Company recognizes that Research & Development plays a critical role in supporting current operations as well as in future growth. Your Company has focused its attention towards development of Products that have wide industrial application particularly in cable, piping and footwear industry.

Insurance

The Company's plants & machineries, factories and other movables are adequately insured against various risks

Directors

During the year under review, Mr. Rajesh Kumar Kothari and Mr. Indranil dasgupta were appointed as Additional Directors of the Company by the Board of Directors with effect from 12th August, 2011. Pursuant to section 260 of the Companies Act, 1956, both Mr. Kothari and Mr. Dasgupta would hold office upto the date of the ensuing Annual General Meeting. However, the company has received requisite notices from members as required under section 257 of the Companies Act 1956, signifying their intention to propose Mr. Kothari and Mr. Dasgupta as a candidate for the office of director.

The Board of Directors has also appointed Mr. Rajesh Kumar Kothari as a Whole Time Director of the Company subject to approval of the members, for a period of five years with effect from 12th August, 2011.

The office of Mr. Nirmalendu Guha, Director is due to retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Appropriate resolutions for their appointment / reappointment are being placed before you for your approval at the ensuing Annual General Meeting. The brief resume and other information of the eligible directors in terms of the provisions of clause 49 of the Listing Agreement with Stock Exchanges have been detailed elsewhere in the notice. Your Directors recommends their appointment / reappointment as Director of your Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- in preparation of the annual accounts, the appropriate accounting standards have been followed. There are no material departures from these applicable accounting standards.
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2011 and its profit for the year ended on that date.
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the directors have prepared the annual accounts on a going concern basis.

Auditors and Auditors' Report

The Statutory Auditors of the Company, M/s D.C. Dharewa & Co., Chartered Accountants, Kolkata, retire at the conclusion of the ensuing Annual General Meeting of the Company and confirmed their willingness and eligibility for re-appointment, if made, will be within the limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of section 226 of the Companies Act, 1956.

Further, the Auditors have confirmed that they have undergone the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of ICAI. The observations of the Auditors in the Report on Accounts read with the relevant notes are self – explanatory and do not call for any further comments.

Particulars of Employees

None of the employees employed throughout the year or part of the year who was in receipt of salary of Rs. 5,00,000/- or more per month or Rs. 60,00,000/- or more per annum, therefore, no details have been provided or required under section 217 (2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) Rules, 1975.

Human Resources and Industrial Relations

The Industrial relations of the Company with its personnel has continued to be cordial and amicable. Your Directors acknowledge and appreciate the efforts and dedication of employees to the Company. Your directors wish to place on record the co-operation received from the Staffs and Workers

at all levels and at all units.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

Our Company has directed its efforts to reduce energy costs by focusing on energy savings through the best optimization of operations on a day to day basis. The Company has used fuels in appropriate mix to attain maximum savings.

As required to be disclosed in terms of Section 217(1) (e) of the Companies, Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the prescribed format as an Annexure to the Report and marked as Annexure – 'A'.

Management's Discussion and Analysis Report

In accordance with Clause – 49 of the Listing Agreement with the Stock Exchanges in India , the Management's Discussion and Analysis Report for the year under review, is presented in a separate section forming part of the Annual Report and marked as Annexure – 'B'.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and has complied with the applicable provisions of Corporate Governance under clause 49 of the Listing Agreement with the stock exchanges. A detailed report on Corporate Governance, as stipulated under Clause – 49 of the Listing Agreement with the Stock Exchanges in India, is included in a separate section forming part of the Annual Report and marked as Annexure – C.

A certificate from the Auditors of the Company M/s D. C. Dharewa & Co., Chartered Accountants, Kolkata, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

Delisting of Equity Shares of the Company.

Your Company's shares are originally listed on Bombay Stock Exchange Limited, Calcutta Stock Exchange Limited, Delhi Stock Exchange Limited, Ahmedabad Stock Exchange Limited and Hyderabad Stock Exchange Limited and is regular in payment of listing fees. Equity Shares of the Company are currently not being traded at the floor of the Calcutta Stock Exchange Limited, the Delhi Stock Exchange Limited, the Ahmedabad Stock Exchange Limited and the Hyderabad Stock Exchange Limited. Your Company had applied for delisting of its shares from Calcutta

Stock Exchange Limited, Delhi Stock Exchange Limited, Ahmedabad Stock Exchange Limited and Hyderabad Stock Exchange Limited. SEBI has withdrawn the permanent recognition granted to the Hyderabad Stock Exchange Limited w.e.f. 29.08.2007 in terms of 5(2) of the Securities Contracts (Regulation) Act, 1956. The Delhi Stock Exchange Limited has delisted our shares with effect from 1st July, 2011 and Ahmedabad Stock Exchange Limited w.e.f. 27th September, 2011. However, the equity shares will continue to trade on the floor of Bombay Stock Exchange Limited, which has nationwide trading terminals and investors, can conveniently trade equity shares of the Company at the said Bombay Stock Exchange Limited. Further, your company has applied to National Stock Exchange Limited for listing its entire shares.

Change of Registrar & Share Transfer Agents (RTA)

The Board of Directors of the Company at its meeting held on 14th May, 2011, has appointed M/s. C B Management Services (P) Limited, Registrar and Share Transfer Agents (RTA) operating under SEBI Registration No. INR 0000003324- Category I, as the Company's Registrar and Share Transfer Agents with effect from 1st July, 2011. Accordingly, the arrangement with M/s. S.K.Computers,

for providing RTA services has been discontinued from that date.

All future communications related to share matters of the Company should be made to M/s. C B Management Services (P) Limited. Address of new RTA is given below for shareholders record:

M/s. C B Management Services (P) Limited
P-22- Bondel Road, Kolkata – 700 019
Phone: 033 2280 6692 / 93/ 94/ 2486 / 4011 6700
Fax: 033 2287 0263,
E mail: rta@cbmsl.com

Acknowledgement

Your Directors wish to convey their sincere appreciation to all of the Company's employees and workers at all level for their enormous personal efforts as well as their collective contribution to the Company's performance.

Your Directors also wish to thank to all the shareholders, customers, dealers, suppliers, bankers, financial institutions, Govt. authorities and all the other business associates for the continued support given by them to the Company and their confidence in its management.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 29.09.2011

D.C.Surana
Chairman

ANNEXURE 'A'

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per section 217 (1) (a) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Directors) Rules, 1988 for the year ended 31st March, 2011.

1. CONSERVATION OF ENERGY.

A) ENERGY CONSERVATION MEASURES TAKEN:

In addition to the existing measures being practiced, the following steps were taken:-

- i. Education of workforce at the Head Office regarding use of various office equipments, especially computers in a manner that use less energy.
- ii. Installation of energy efficient equipments, such as Compact Fluorescent Light Bulbs (CFLs) and Battery Charging Systems at all offices.
- iii. Adoption of policy of having our heating and cooling equipment serviced regularly.

B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

- i. Rationalization of Plants to save and optimize use of energy.
- ii. Means of conservation of energy currently being utilized in process plants is being studied.

C) IMPACT OF MEASURES AT (A) AND (B) ABOVE.

Energy usage has been controlled due to above mentioned efforts being undertaken by the company.

D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION.

The particulars are furnished in prescribed Form -A annexed hereto.

2. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed Form-B annexed hereto.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO.

A) ACTIVITIES RELATING TO EXPORT, INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS:

Company is making serious efforts for marketing of its products for in global markets. With India's growing importance as a low cost manufacturing base with good health, safety and environment practices, your company sees a great export potential in many of its products. Effective steps have been taken in this regards and the company is receiving good responses to its efforts.

B) TOTAL FOREIGN EXCHANGE USED AND EARNED

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Total Foreign Exchange earned	655191	297612
Total Foreign Exchange used	2569192	2108447

FORM – A

Disclosure of Particulars with respect to Conservation of Energy			
A. Power and Fuel Consumption	Unit	FY 2010-11	FY 2009-10
1. Electricity			
a) Purchased			
Unit	KWH	2,88,50,548	1,94,28,416
Total amount	Rs.	11,99,05,527	7,63,87,165
Rate / Unit	RS./KWH	4.16	3.93
b) Own generation (through diesel generator)			
Unit	KWH	2,59,757	2,67,675
Total amount	Rs.	44,08,528	34,33,823
Rate / Unit (Average)	RS./KWH	16.97	12.83
2. Coal		—	—
3. Furnace Oil		—	—
4. Other/Internal Generation		—	—
B. Consumption per unit of Generation	Unit	FY 2010-11	FY 2009-10
1. PVC, XLPE compounds & Master Batches			
Net saleable production	Kgs.	11,42,20,343	9,98,23,000
Electricity	KWH / TON	254.86	194.66
2. Soal and Hawai Chappals			
Net saleable production	PAIRS	0	52,98,796
Electricity	KWH/PAIR	0	0.05

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.

RESEARCH AND DEVELOPMENT

- a) Specific areas in which R & D is carried out by your company.
 - i) Horizontal and vertical expansion of Company's product profile.
 - ii) New & Improved Product Development.
 - iii) Up gradation of R&D lab, efforts are being made to develop state of the art R&D centre at Daman works to cater to the growing demand for Hi- Tech products.
- b) Benefits derived as a result of R & D.

Efficiency and yield improvement, loss reduction and modernization program.

 - i) Import Substitution
 - ii) Increased Market share for various products.
 - iii) Better market penetration of various products.
 - iv) Developments of various grades of PVC & XLPE compounds to meet changing market needs.

c) Future Plan of Action.

The R & D Centre has undertaken development of various grades of PVC Compound to meet the changing conditions.

d) Expenditure on R&D.

(Rs. In Thousands)

Particulars	FY ended 31st March, 2011	FY ended 31st March, 2010
Capital	721.15	486.00
Recurring	563.43	506.00
Total R & D Expenditure	1284.58	992.00
As a % of total Turnover	0.02	0.01

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION.

- Efforts, in brief, made towards technology absorption, adoption and innovation as above.
- Benefits derived as a result of the above efforts: New Products are being developed for polymer mixing by up gradation and innovation as enumerated above.
- No import of technology was carried out during the last 5 years from the beginning of financial year.

Place: Kolkata
Date: 29.09.2011

For and on behalf of the Board of Directors
D.C.Surana
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMIC OVERVIEW:

The overall global economic outlook remained “positive for India in the financial year 2010-2011”. The recovery from recession which started in the second half of financial year 2009-10 continued for the most part of the Financial Year 2010-11.

The Indian economy achieved GDP growth of 8.58 % in respect of Financial Year 2010-2011.

However, the current financial year (2011-2012) does not depict encoursing since. USA is almost under recession. The European Union is under alarming threat of “debt bubble bust”.

The Indian economy is, today, fully integrated with that of the world economy. Any adverse economic development, in any part of the world, will have direct impact on the Indian economy. Analyst say predict that the GDP growth for 2011-2012 will not even touch 8%, although the Government is optimistic of 9% GDP growth.

The inflation, which has touched 9%, in the second quarter of the current financial year and series of interest rate hike, will negatively impact the top line and bottom line of companies across India. Moreover, since 12% of the total land areas of USA is under drought, the world food prices and that of India also will remain high. Thus the disposable income of people across the world will definitely shrink. Because of high inflation the level of consumption will also go down.

Industry Overview

The products of Kalpena Industries Limited find application mainly in cable industries, packaging industries and footwear Industries. These industries had done fairly well in 2010-2011 and consequently it positively impacted the top line of your company. However, the current year seem to be challenging for your company, mainly due to high inflation and series of interest rates hike. Moreover, the question of price stability in polymer market across India is uncertain.

Industry Structure and Developments

The company’s polymer compounds business is directly related to the fortunes of cable industry/packaging industry / footwear industry. If there is demand push in these segments of Indian economy, the top line and bottom line of Kalpena

Industries Limited will significantly increase.

The strong R&D facilities of Kalpena, backed by competent R&D personnel will help overcome many of the challenges including overall growth at a rate superior to industry average. Kalpena has been able to develop a number of products for domestic and international market such as Medium Voltage XLPE, Medium Voltage Semi conducting grades and also grades suitable for Pipes.

Kalpena has always endeavored to keep pace with evolving technologies and give high customize solutions to customers. Kalpena has bought into effect new, efficient and speedy customer support and logistics to enhance customer relationship. With these additional systems, Kalpena that constantly work with customers, meeting their requirements ontime, every time.

Company’s Performance:

A. Financial Performance:-

- Gross turnover for the year is Rs. 846 crore against Rs.729 crore in 2009 – 10.
- PBIDT for the year Rs.46.07 crore as against 56.09 crore in 2009-10.
- Profit after Tax for the year Rs. 19.13 crore against Rs. 29.91 crore in 2009-10.
- Capital Structure of the Company as at 31st March 2011 is Rs. 18.49 Cr comprising of 18494586 nos. of equity shares of Rs. 10/- each.
- The Board of Directors has recommended an equity dividend of 22% i.e. Rs. 2.20 per equity shares of Rs. 10/- each.

B. Product wise operational performance:-

Product wise your company is engaged in manufacturing of the following products, the performance of which is discussed in the following lines-

PVC Compound and Master Batches

The Production of PVC Compound & Master Batches for the current year was 36915 MT as against 39216 MT for the previous year. The turnover from PVC Compound & Master Batches was Rs. 25305 lacs this year as against Rs. 22907 lacs for the last year.

PE Compounds

The production of PE Compound for the current year under review stood at 73110 MT as against 60607 MT for the last year. Turnover was Rs. 49478.05 lacs this year as against Rs. 40701.60 lacs last year.

Agglomerates, Reprocessed Granules & Scraps

The production of the above items are 3713, 481 & 1785 MT respectively. Turnover from these items are 1233 lacs, 162 lacs & 114 lacs respectively.

Future Outlook

The Company continued itself of being one of the leading market players in manufacturing of polymer compounds. We have offered a range of products to domestic and industrial users. In the years to come we will come up with more and more range of new products to satisfy the needs of the Customers. Kalpena Industries Limited is confident of accomplishing volume growth and consequently the market share in very near future. Your company, being the only local player for Medium Voltage cables, enjoys possibility of achieving higher volumes and margins. The marketing team is making incessant effort for increasing the presence in overseas market. Increase application of polymers and Performance polymers in the field of Consumer durable, Automobiles and also in Alternative & Renewable Energy sector provide ample opportunity to Kalpena in the field of polymer and performance polymer to enhance its business.

Opportunity and Threats

The use of plastic made products has gained rich response from the customers and in number of items of Retail and Industrial consumption it was found that the use of Plastic made products has replaced many other products as the best substitute product. This increase in the use of plastic Products will open many new areas for the Industry in the years to come and we expect the vertical move of Plastic Industry in the Economy.

The Indian Plastic industry is highly competitive and, being speedy growing Indian Economy the competition is increasing with the emergence of new global players and other domestic unorganized players.

Increased competition might lead to price reductions, decreased sales, lower profit margins thus adversely affecting the business and financial condition of the Company.

Despite growing completion which may cause downward pressure on prices and profit margins, the company has

equipped itself through increase in production capacity to grow its top line and bottom line. The Company has its strong financials and doesn't have major obligations. Apart from the raising in competition globally, inconsistency in the input prices and other routine business risks, we doesn't observe any major areas of Threats to our business

Risks and Concerns

Risk is integral to virtually all business activities, though in varying degrees and forms. At Kalpena, we have well defined risk management policy in place and the same is reviewed from time to time. The risk management policy is also monitored by executive management of the company with suitable steps to enhance scope of its operation. Irrespective of the type of risk or the activity that creates it, the Company's fundamental approach to risk management remains the same :-

Business risks

Besides other risks and concern the major concern of our business is fluctuations in the prices of Raw Materials and entry of local and small manufacturers in the Industry. The business is constantly under margin pressure with delivering the best quality products at competitive prices. Lower volumes and prices in the domestic and global markets will have an impact on the Company's revenues and profits. However, the management is cautiously optimistic about the likely recovery in the global infrastructure industry with arising of supply side pressures, increased focus on sales into various overseas markets and demand recovery in domestic market. The Company's focus on cost reduction, which has yielded positive results, will be the critical factor in mitigating margin pressures. Further, new product launches and long term relationship will aid in stabilizing cash flows.

Technology risks

Product obsolescence risks are inherent in the business and the management continues to accord high priority to in-house research and development in order to ensure new product development as per evolving needs in the industry, technical enhancements and quality improvements of existing product offerings.

Financial risks

Company has established a risk management strategy that comprise reasonable use of derivative and non derivative financial instruments primarily to manage its exposure to market risks resulting from adverse fluctuations in material prices, interest rates and foreign currency rates.

Internal Control System.

The Company has a well established internal control framework covering all functional areas. It includes independent review of control system by statutory auditors, review mechanism by Audit Committee and periodic review by the management.

Currently all the operations of the company are carried out in conformity with the defined process. The Company also has policy of periodic reviews of all business activities viz. purchase, stores, marketing, personnel, production, maintenance, finance and accounts, IT systems. The Audit Committee of the Board periodically reviews the terms of reference and the adequacy of internal control system, significant observations and their disposals and remedies if any. Further, the Company has implemented Enterprise Resource Plan (ERP) to consolidate all its operation as well as strengthen its Internal Control System.

Human Resources and Industrial Relations;

The Company recognizes human capital as extremely important and strategic resource and honors' the dignity of each employee irrespective of the position and highly values the cultural diversities of employees. Your Company believes in employee empowerment across the entire organization

in order to achieve organizational effectiveness. The Company has formulated sound policies for employee motivations and retentions. Further, special efforts are made to identify specific training needs to hone the skills of the employees. Over a period of time, your company has built and nurtured a dedicated and excellent workforce who consists of engineers, CAs, CSs, MBAs, and advance degree holders like PhDs having a big business portfolio. The Industrial relations of the Company were cordial and there were no instances of employee disputes arising during the year.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, estimates, and expectations and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, natural calamities and so on over which the company does not have any direct control.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance involves a set of relationship between a Company's management, its board, its shareholders and other stakeholders. It provides structure to set the objectives, the means to attain them and monitor the performance. It is a commitment to the business ethics and values and not limited to compliances and transparency. Since Large Corporations employ a vast quantum of societal resources, Kalpena believes that the governance process should ensure that these resources are utilized in a manner that meets stakeholders' aspirations and societal expectations.

Corporate Governance helps to serve corporate purpose by providing a framework within which stakeholders can pursue the objectives of the organization most effectively. Corporate governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders.

The Philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms to laws, regulations and guidelines and continue focusing on its resources, strengths and strategies to achieve its vision of becoming a market leader in plastics industries, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to Kalpena Group.

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence & customer satisfaction and maximizing long term shareholder's value. In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long term shareholder's value and commitment to high standard of business ethics.

Some of the major initiatives taken by the Company towards strengthening its corporate governance systems and practices include the following:

Secretarial Audit:

The Company has appointed an independent practicing Company Secretary to conduct Secretarial audit. The quarterly audit reports are placed before the Board.

Role of Company Secretary in overall Governance Process:

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements.

Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India:

The Institute of Company Secretaries of India (ICSI) is one of the premiere professional bodies in India. ICSI has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings and Transfer / Transmission of Shares. Though these standards are recommendatory in nature, the company adheres to the standards voluntarily.

Hope, by the way of transparency in corporate management and reporting practices, this will make a value addition.

2. BOARD OF DIRECTORS:

The Board of Kalpena comprises Executive and Non Executive Directors. The Non-Executive Directors include Independent Directors and is in conformity with Clause – 49 of the Listing Agreements entered into with the Stock Exchanges.

- a) As on 31st March, 2011, the Company has five Directors with a Non Executive Chairman. Out of the five Directors, four (i.e. 80.00%) are Non Executive Directors. The Company has three Independent Directors.
- b) None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five

Committees across all the Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public Companies have been made by the Directors.

- c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last (AGM), as also the number of Directorship and Committee positions held by them in other Companies are given herein below.

Name	Designation	Category	Attendance Particulars		Outside Directorships & Committee Position		
			Board Meeting	Last AGM	Other Directorships*	Committee Memberships#	Committee Chairmanships#
Shri D.C.Surana	Chairman	Non Executive & Promoter	8	NO	—	—	—
Shri Narrindra Suranna	Vice Chairman & Managing Director	Executive & Promoter	7	Yes	—	—	—
Dr. R. Dasgupta	Director	Non Executive & Independent	2	Yes	—	—	—
Dr. P.Ghosh **	Director	Non Executive & Independent	2	No	—	—	—
Shri. N.Guha	Director	Non Executive & Independent	8	Yes	Damodar Ropeways & Infra Limited.	—	—

* Directorship includes only Public Companies.

** Dr. P.Ghosh is no more with us.

Committees includes Audit Committee, Shareholders Grievance Committee and Remuneration Committee.

The Managing Director is re appointed for a period of five years from the period of taking over the charge i.e. from 01.08.2007 to 31.07.2012. All other directors are liable to retire by rotation and at every AGM 1/3rd of them shall retire.

Details of the Directors Seeking appointment / re appointment at the Annual General Meeting, pursuant to Clause 49 of the Listing Agreement, have been given along with the Notice of Annual General Meeting.

Independent Director is defined as one, who apart from receiving sitting fee as a director does not have any other material pecuniary relationship or transactions in his personal capacity with the Company.

As required under the Accounting Standard 18 transaction with related parties are furnished under note 17 of Schedule 'U' of Notes to the Accounts. There was no transactions of material nature with Promoter Directors or their relatives, etc. that may have potential conflict with the interest of the company. With regards to disclosure received from Directors and senior management there was no transaction with the company which might have potential conflict with the interest of the company at a large.

3. BOARD AGENDA

Scheduling and Selection

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All departments of the Company schedule their work plans in advance, particularly with regard to matters requiring consideration at the Board/ Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the agenda for the Board/ Committee Meetings.

Post Meeting follow up System:

The Governance processes in the Company include an effective post meeting follow-up, review and reporting process for action taken / pending on decisions of the Board. Decisions are promptly communicated to the concerned departments. Action taken report on decisions / minutes of previous meetings is placed at the succeeding meetings of the Board/ Committee for noting.

4. DETAILS OF BOARD MEETINGS DURING THE FINANCIAL YEAR:

The Meetings of the Board of Directors are normally held at the Company's Registered Office at Kolkata. During the financial year 2010-2011, eight meetings of the Board were held and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

Sl. No.	Date	Sl.No	Date
1	15TH May, 2010	5	22nd September, 2010
2	12th August, 2010	6	13th November, 2010
3	1st September, 2010	7	27th January, 2011
4	17th September, 2010	8	14th February, 2011

Shareholdings of directors as on 31.03.2011 are as under:

Name of the Director	No. of Ordinary Shares held	% of Paid – up Capital
Shri D.C.Surana	15000	0.08%
Shri Narrindra Suranna	400	0.002%
Dr. R. Dasgupta	-	-
Dr. P.Ghosh **	-	-
Shri. N.Guha	-	-

** Dr. P.Ghosh is no more with us.

5. COMMITTEES OF THE BOARD:

Presently, there are three Board Committees– the Audit Committee, the Remuneration Committee and the Share Transfer and Investors Grievances Committee. The terms of reference of the committee(s) detailing their scope of work are determined by the Board from time to time. The Board periodically reviews the minutes of the meetings of above mentioned Committees. Composition, terms of reference, number of meetings and related attendance etc., of these committees are detailed below:-

5.1 AUDIT COMMITTEE:

In compliance with Clause 49 of the Listing Agreement as well as of Section 292A of the Companies Act, 1956, the Board has constituted an Audit Committee. This Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;

- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

The Committee presently comprises three Non Executive Directors, two of whom are Independent. The Audit Committee Chairman, Mr. N.Guha is a Non Executive Independent Director having adequate management expertise and sound financial knowledge. The Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer, Statutory Auditors usually attend the meeting .(being entitled to attend as per relevant provisions of applicable laws/rules and/or as and when felt necessary)

All the Members of the Committee have good knowledge of finance, accounts and company law with in the meaning of clause II (A) explanation 1 of Clause 49 of the Listing Agreement. During the year under review, the committee met five times on 15.05.2010, 12.08.2010, 01.09.2010, 13.11.2010 and 14.02.2011. The Composition of the Committee and the attendance at each Committee Meetings are as follows :-

Name of Director	Category	Attendance of Directors				
		15.05.2010	12.08.2010	01.09.2010	13.11.2010	14.02.2011
Mr. N.Guha	Non Executive Independent	Yes	Yes	Yes	Yes	Yes
Mr. D.C.Surana	Non Executive	Yes	Yes	Yes	Yes	Yes
Dr. P.Ghosh*	Non Executive Independent	Yes	Yes	No	Yes	No
Dr. R. Dasgupta	Non Executive Independent	No	No	Yes	Yes	Yes

* Sudden demise of Dr. P.Ghosh on 27th April, 2011.

Term of reference:

Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of audit fees;

Approval of payment to statutory auditors for any other services rendered by them;

Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:-

- Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;0
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report;

Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems;

Reviewing the adequacy of internal Audit / control systems, if any, including the structure of the internal control department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Discussion with internal auditors any significant findings and follow up thereon;

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, share holders (in case of non payment of declared dividends) and creditors;

Considering such other matters as may be required by the Board;

Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other Statutes, as amended from time to time.

Power of Audit Committee

The audit committee shall have powers which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

5.2 REMUNERATION COMMITTEE :

Meeting Held :

During the Financial Year 2010-2011, the committee met once on 15th May, 2010.

Composition and Attendance:

Sl.No	Name of Director	Composition as on March 31, 2011	Meeting attended
1	Dr. P.Ghosh *	Chairman	1
2	Mr. N.Guha	Member	1
3	Mr. D.C.Surana	Member	1

* Due to sudden demise of Dr. P.Ghosh on 27th April, 2011, the board has reconstituted the committee and now Dr. R.Dasgupta is the Chairman of this committee.

The Company Secretary acts as the Secretary of the Committee.

Terms of Reference:

The Broad terms of reference of the Remuneration Committee are as under:-

To review, assess and recommend the appointment of Executive and Non Executive Directors from time to time, to periodically review the remuneration packages of the Executive Directors and recommend suitable revision to the Board, to recommend compensation to the Non Executive Directors in accordance with the Companies Act, 1956.

Remuneration Policy:

Non Executive Directors

The remuneration of the Non Executive Directors (NEDs) of the Company is decided by the Board of Directors. The Non Executive Directors of the Company are being paid a sitting fee of Rs. 3500 /- for attending each meeting of Board and Committees of Directors. Besides sitting fees, the Non Executive Directors of the company were not paid any other remuneration or commission.

Managing Director and Executive Directors

The Company pays remuneration to its Managing Directors by way of salary, perquisites and allowances. Salary is paid within the overall limits approved by the members of the Company. The Board, on the recommendation of the

Remuneration Committee, approves the annual increments (effective from 1st April each year)

Details of Remuneration Paid to Executive & Non- Executive Directors:

Name	Position	Sitting Fees	Salary & Perks	Commission	Total
Mr. D.C.Surana	Non Executive Chairman	1,33,000	Nil	Nil	1,33,000
Mr. Narrindra Suranna	Vice Chairman & Managing Director	Nil	14,40,000	Nil	14,40,000
Dr. P. Ghosh	Non Executive Director	21,000	Nil	Nil	21,000
Mr. N.Guha	Non Executive Director	45,500	Nil	Nil	45,500
Dr. R. Dasgupta	Non Executive Director	17,500	Nil	Nil	17,500

5.3. SHARE TRANSFER & INVESTORS GRIEVANCES COMMITTEE :

The Board has constituted Share Transfer & Investors Grievance Committee to specifically look into the matters relating to shareholders complaints and also matters pertaining to Share Transfer / Transmission, de - materialization /re-materialization of shares, issue of duplicate shares, non receipt of dividend and other related matters.

To expedite the process and for effective resolution of grievances / complaints, the Committee has delegated powers to the Share Transfer Agents and its officials to redress all complaints / grievances / inquiries of the shareholders' / Investors'. It redresses the grievances / complaints of shareholders' / investors' under the supervision of the Company Secretary and Compliance Officer of the Company.

During the year ended 31st March, 2011, 128 investors complaints were received and all have settled / resolved.

Composition:

The Share Transfer & Investors Grievance Committee presently comprises of:

- Mr. D.C.Surana - *Chairman (Non Executive)*
- Mr. Narrindra Suranna - *Member (Executive)*

The Terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company.
- To oversee the performance of the Registrar and Transfer Agent of the Company.
- To recommend measurements for overall improvement in the quality of services to the investors.

The Committee met 24 times during the year 2010-2011.

The attendance of each Member of the Committee is given below:

Sl.No	Name	Meeting held during the tenure of Directors	Meeting attended
1	Mr. D.C.Surana	24	24
2	Mr. Narrindra Suranna	24	24

6. DETAILS OF GENERAL MEETING :

Annual General Meeting :

The last Three Annual General Meetings were held as under :

Financial Year	Date	Time	Venue	Special Resolution passed, if any
2009-2010	30th September, 2010	10.00 A.M.	Gyan Manch, 11 Pretoria Street, Kolkata – 700 071	None
2008-2009	15th September, 2009	10.00 A.M.	Gyan Manch, 11 Pretoria Street, Kolkata – 700 071	Cancellation / setting aside of the resolutions passed at the EGM held on 26.04.2009 under section 94, 16 and 81 (1A) of the Companies Act, 1956.
2007-2008	23rd September, 2008	02.00P.M.	Gyan Manch, 11 Pretoria Street, Kolkata – 700 071	Change of name from Kalpana Industries Ltd to Kalpena Industries Ltd.

6.1 Extraordinary / other General Meeting: During the Financial Year 2010-2011 one High Court Convened Shareholders Meeting was held on 25.05.2010 for considering the matter relating to merger of Alkom Speciality Compounds Limited into Kalpena Industries Limited.

6.2 Postal Ballot: During the year under review no Special Resolution was passed through Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

7. DISCLOSURES :

7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large :-

There are no materially significant transactions made by the company with its promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large.

However, attention of the members is drawn to the disclosure of transactions with the related parties and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures prescribed under the Companies Act, 1956 set out in Notes on Accounts 17 Schedule 'U', forming part of the Annual Report.

7.2 Details of Non compliance:-

The company has complied with the requirements of the stock exchanges, SEBI and other authorities on all matters relating to capital market during last three years. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other authorities relating to the above.

7.3 Disclosure of Risk Management :-

The company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation mechanism, which is periodically reviewed and reported to the Board of Directors by Senior Executives.

7.4 Compliance of Clause 49 :-

The company has complied with the entire mandatory requirement to Clause 49 of the Listing Agreement executed with the Stock Exchanges. Comments on adoption of non-mandatory requirements are given at the end of this report.

7.5 Proceeds from preferential issue :-

The Company has allotted 60,00,000 equity shares of Rs. 10/- each, on conversion of Warrants, at a price of Rs. 80/- each (including premium of Rs. 70/- per equity share) on preferential basis to promoters and other strategic investors. Out of the issue proceeds from the above preferential allotment of Rs. 4800 Lacs, the company has utilised the entire amount against corporate purposes of the Company, which is one of the objects of the issue.

7.6 CEO and CFO Certification :-

The Vice Chairman and Managing Director (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with clause 49(V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March, 2011. The same is reproduced below;

Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification

To,
The Board of Directors,
Kalpena Industries Ltd,
2B, Pretoria Street,
Kolkata – 700 071

We, Narrindra Suranna, Vice Chairman and Managing Director and I.C.Dakalia, Chief Financial Officer of Kalpena Industries Limited, to the best of our knowledge and belief hereby certify that :

- (a) We have reviewed the Financial Statements and Cash Flow Statement for the financial year ended on 31st March, 2011 and ;
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee of the Board of Directors ;
 - i) Significant changes , if any, that have occurred in the internal control over financial reporting during the year; During the financial year ended on 31st March, 2011, there were no significant changes in internal control over financial reporting.
 - ii) There have been no significant changes in accounting policies during the year;
 - iii) There have been no instances of significant fraud nor there was any involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date :29.09.2011
Place : Kolkata

Sd/-
Narrindra Suranna
Vice Chairman & Managing Director

Sd/-
I.C.Dakalia
Chief Financial Officer

8 CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT.

The Company has adopted the code of conduct for its employees at all levels including Senior Management and Directors. The code has been circulated to all the members of the Board and senior management and the same has been put on the Company's website. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company appointed in terms of the Companies Act, 1956 (i.e the CEO within the meaning of clause 49-V of the Listing Agreement) is annexed separately to this report.

9 MEANS OF COMMUNICATION :

In compliance with the requirements of the Listing Agreement, the Company has intimated the financial results to the stock exchanges immediately after they are taken on record by the Board. Further coverage has been given for the benefit of the shareholders and investors by publication of the financial results in the leading national dailies like Economic Times / Financial Express / Business Standard etc., and a local vernacular newspaper circulated in the state of West Bengal. The results were also available on the company's website at <http://www.kalpenagroup.com>.

Brief profile and other information of the Directors seeking appointments / re appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is given as an annexure to the notice of ensuing Annual General Meeting.

Management Discussion and Analysis Report are given separately and forms part of Annual Report.

10 CODE OF INSIDER TRADING:

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with objective of Preventing purchase and or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Further the Trading Window has been closed for the Directors and Employees of the Company as per insider Trading Code in force in the Company.

11 GENERAL SHAREHOLDERS INFORMATION :

(i) Annual General Meeting (AGM)

Day, Date & Time : Saturday, the 12th November, 2011 at 10.00 A.M.
Venue : Gyan Manch, 11- Pretoria Street, Kolkata – 700 071

(ii) Date of Book Closure : 05th November, 2011 to 12th November, 2011
(both days inclusive)

(iii) Dividend Payment : Credit / dispatch between 16th November, 2011 and 3rd
December, 2011, if declared at the AGM.

(iv) Financial Calendar for Year 2011-2012 (tentative)

The Company follows the financial year from April to March.

For the quarter ending	30th June, 2011] Within 45 days of the end of the quarter.
For the quarter & half year ending	30th September, 2011	
For the quarter & nine months ending	31st December, 2011	
For the quarter & year ending	31st March, 2012] With in 60 days of (Audited) the end of the Quarter/Year.

- (v) Listing on Stock Exchanges: The Share of the Company is listed in the following Exchanges.

Name of the Stock Exchanges	Stock Code
The Bombay Stock Exchange Ltd.(BSE)	526409
The Calcutta Stock Exchange Association Ltd. (CSE)	10021028
The Delhi Stock Exchange Association Ltd.(DSE)	11103
(Shares of the Company were delisted with effect from 1st July, 2011)	
The Hyderabad Stock Exchange Ltd.	KALPINS
(Derecognized by SEBI w.e.f.29.08.2007)	
The Ahmedabad Stock Exchange Ltd.	29660
(Shares were delisted w.e.f. 27.9.2011)	

The Company has paid the annual listing fees for the financial year 2011-12 to all the exchanges and has paid the custodial fees to National Securities Depository Limited (NDSL) and Central Depository Services (India) Limited (CDSL) for the financial year 2010-11.

In view of no trading on the floor of Calcutta Stock Exchange Ltd., Delhi Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and Hyderabad Stock Exchange Limited, the Board of Directors at its meeting held on 14th May, 2011 has decided to delist the equity shares from the aforesaid stock exchanges. Equity shares will continue to trade on the floor of Bombay Stock Exchange limited having nationwide trading terminals.

- (vii) Dematerialisation of Shares and Liquidity:

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may therefore, in their own interest, dematerialise their holdings in physical form, with any one of the Depositories namely National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). The ISIN No. for the Equity Shares of the Company is INE301C01010. As on 31st March, 2011, 16075458 shares representing 86.92% of the Equity Shares stand dematerialised. It may be noted that in respect of shares held in demat form, all the request of shares held in demat form, all the requests for nomination, change of address, NECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

- (viii) Registrar & Transfer Agent:

The company has changed its Registrar and Transfer Agents from M/s. S.K.Computers, 34/1A, Sudhir Chatterjee Street, Kolkata – 700 006, to M/s. CB Management Services (P) Limited with effect from 1st July, 2011. All future communications related to share matters of the Company should be made to M/s. C B Management Services (P) Limited. Address of which is given below:

M/s. C B Management Services (P) Limited
 P-22- Bondel Road, Kolkata – 700 019
 Phone: 033 2280 6692 / 93/ 94/ 2486 / 4011 6700
 Fax: 033 2287 0263
 E mail: rta@cbmsl.com

- (ix) Share Transfer System:

Share transfers are generally registered within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects. All transfers are first processed by the Transfer Agent and submitted to the “Share Transfer & Investors Grievance Committee” for approval thereafter. The authorized officials of the Company approve the transfer and duly transferred shares are returned to the shareholders. The Company obtains a certificate from a practicing Company Secretary on half yearly basis to the effect that all the transfers are completed in the statutorily stipulated period. In compliance with clause 47 (c) of the Listing Agreements, a copy of the certificate so received is submitted to the stock exchanges, where the shares of the Company are listed.

The Company has appointed M/s. CB Management Services (P) Limited as a common agency for share registry work (both physical & electronic) in compliance of circular No. D&CC/FITTC/CIR15/2002 dated 27th December, 2002 issued by SEBI, for all matters connected with transfers and transmissions of shares and also dematerialization of shares and other related functions.

(x) Investor Grievance Redressal System.

The investor grievances against the company are handled by the Company's Registrar and Transfer Agents (RTA), in consultation with the Secretarial Department of the Company. The Registrars have adequate skilled staff with professional qualifications and advance computer systems for speedy redressal of investor's grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 15 days from the date of receipt of complaint for disposal of investor grievances. A total of 128 Numbers of Investor's complaint / queries were received during the year under review and all were replied / resolved.

(xi) Unpaid / Unclaimed Dividend.

In terms of Section 205A and 205C of the Companies Act, 1956, the company is required to transfer the amount of dividend remaining unpaid for a period of seven years from the date of transfer to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to IEPF. As on 31st March, 2011, no amount is due for transfer to IEPF.

(xii) Market Price Data :

The shares of the company are currently traded at BSE. The Stock Market data from 1st April, 2010 to 31st March, 2011 are given below :

Months	Bombay Stock Exchange Limited				
	Monthly High Price	Monthly Low Price	Sensex highest	Sensex lowest	Volume of share traded
Apr-2010	139.60	116.15	18047.86	17276.80	303037
May-2010	138.00	115.20	17536.86	15960.15	145588
Jun-2010	145.00	116.10	17919.62	16318.39	140038
Jul-2010	142.50	115.00	18237.56	17395.58	440205
Aug-2010	154.95	118.25	18475.27	17819.99	499437
Sep-2010	144.85	119.35	20267.98	18027.12	485920
Oct-2010	149.95	125.50	20854.55	19768.96	593716
Nov-2010	141.90	100.00	21108.64	18954.82	342128
Dec-2010	126.25	92.55	20552.03	19074.57	65807
Jan-2011	118.85	91.90	20664.80	18038.48	24997
Feb-2011	94.00	72.55	18690.97	17295.62	31547
Mar-2011	85.00	70.30	19575.16	17792.17	45374

(xiii) Distribution Schedule as on 31.03.2011

Range Number	Number of Shareholders		Shares held in each class	
	%	Number	%	
Up to 500	7561	94.61	915950	4.95
501-1000	193	2.41	155205	0.84
1001-2000	93	1.16	139058	0.75
2001-3000	48	0.60	119313	0.65
3001-4000	15	0.19	54162	0.29
4001-5000	19	0.24	86971	0.47
5001-10000	35	0.44	257898	1.39
10001- 50000	20	0.25	406998	2.20
50001 - 100000	2	0.02	160000	0.87
100001 and above	6	0.08	16199031	87.59
Total	7992	100 %	18494586	100 %

(xiv) Share Holding Pattern as on 31.03.2011

Category	No. of Shareholders	No. of Shares Held	% of holding
Promoter's Holding			
i) Individual / HUF	6	16305	0.09 %
ii) Bodies Corporate	3	13517370	73.09 %
Total Promoter's Holdings	9	13533675	73.18 %
Non Promoter's Holding			
Mutual Funds / UTI	4	9700	0.05 %
NRIs / FIIs / OCBs	237	126127	0.68 %
Private Body Corporate	164	3101667	16.77 %
Indian Public	7578	1723417	9.32 %
Total Non Promoters Holdings	7983	4960911	26.82 %
Total	7992	18494586	100 %

(xv) Outstanding GDRs/ ADRs/ Warrants / Convertible Instruments and likely impact on Equity :

The Company had issued and allotted 60, 00,000 warrants on 27.11.2009, to Promoters & Strategic investor. All these warrants were converted into equity shares on 12.08.2010 and 17.09.2010. At present there are no outstanding GDRs / ADRs / Warrants or any convertible instruments of the Company.

The Company has not issued any GDRs / ADRs / any other convertible instruments.

(xvi) Share Capital History of the Company:

Security Description	Date of Allotment	No. of Shares	Issue Price		Distinctive Numbers	ISIN Code
			Value	Premium		
Subscribers to the Memorandum	03.09.1985	200	10	—	1-200	INE301C01010
Further Allotment to promoters and others	24.03.1987	200	10	—	201-400	INE301C01010
Further Allotment to promoters and others	11.11.1987	500	10	—	401-900	INE301C01010
Further Allotment to promoters and others	29.03.1988	399100	10	—	901-4,00,000	INE301C01010
Public Issue	27.10.1988	600000	10	—	4,00,001-10,00,000	INE301C01010
Public Issue	03.12.1993	4144000	10	5	10,00,001-51,44,000	INE301C01010
Right Issue	28.12.1993	2456000	10	5	51,44,001-76,00,000	INE301C01010
Amalgamation	27.06.2006	3953600	10	-	76,00,001-1,15,53,600	INE301C01010
Conversion of Warrants	12.08.2010	3000000	10	70	1,15,53,601-1,45,53,600	INE301C01010
Conversion of Warrants	17.09.2010	3000000	10	70	1,45,53,601-1,75,53,600	INE301C01010
Amalgamation	22.09.2010	9,40,986	10	-	1,75,53,601-1,84,94,586	INE301C01010

(xvii) Plant Locations :

- Kolkata Works –
Kandua, Vill. + P.O – Chatubhujkathi, P.S.- Sankrail , Howrah – 711 302. W.B. - 743503, India.
Village – Bhasa, No.14,P.O.& P.S. Bishnupur, Dimond Harbour Road,
South 24 Parganas, W.B.- 743503, India.
- Daman Works –
168/151-158, Dabel Industrial Co- Operative Socceity Ltd, Dabel, Daman – 396215, India
- Dadra Works –
Survey No.24/3, Village – Demini, Demini Road, Dadra, Dadra & Nagar Haveli – 396230, India.
- Bhiwadi Works –
A1163, Phase –IV, RIICO Industrial Area, Bhiwadi – 301019, Rajasthan.
- Falta Works –
Falta Special Economic Zone, Plot No- 29, Sector – I, Village – Simulberia, Mouza – Bisra,
Dist.- South 24 PGS.

(xviii) Address for correspondence :

The shareholders may contact the Company / RTA on the following addresses :

General Correspondence :

1. Kalpena Industries Limited
Secretarial Department,
2B, Pretoria Street,
Kolkata – 700 071
Phone : 033 2282 3744 /45
Fax : 033 2282 3739
E mail : kolkata@kalpena.co.in

Correspondence related to shares / queries/requests :

2. M/s. C B Management Services (P) Limited
P-22- Bondel Road, Kolkata – 700 019
Phone: 033 2280 6692 / 93/ 94/ 2486 / 4011 6700
Fax: 033 2287 0263
E mail: rta@cbmsl.com

Non Mandatory requirements of Corporate Governance.

As required under non-mandatory requirements the Company has constituted Remuneration Committee. Further, the Company has adopted Whistle – Blower mechanism, which has been discussed in this report. The Company's policies as regards adoption of other non- mandatory requirements shall be disclosed in the future Annual Report from time to time.

Declaration regarding Affirmation of Code of Conduct.

I Narrindra Suranna, Vice Chairman and Managing Director of Kalpena Industries Limited, hereby declare that, all the members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(I)(D)) (ii) of the Listing Agreement entered into with Stock Exchanges, for the year ended 31st March, 2011.

Place : Kolkata
Date:29.09.2011

For Kalpena Industries Limited
Sd/-
Narrindra Suranna
Vice Chairman & Managing Director

AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Kalpena Industries Limited.

We have examined the compliance of conditions of Corporate Governance by Kalpena Industries Limited for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion, and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Dated : 29.09.2011

For D.C.Dharewa & Co
Chartered Accountants
(D.C.Dharewa)
Proprietor
Membership No. 53838

AUDITORS REPORT

TO
THE MEMBERS OF
KALPENA INDUSTRIES LTD.

- 1) We have audited the attached Balance Sheet of Kalpena Industries Ltd. as at 31st March 2011 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of "The Companies Act., 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (I) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011 and
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For D.C. DHAREWA & CO.
Firm Registration No. 322617E
CHARTERED ACCOUNTANTS

(D.C. DHAREWA)
PROPRIETOR
(MEMBERSHIP NO. 53838)

Date : 29.09.2011

Annexure referred to in paragraph 3 of the Auditors Report of even date to the members of Kalpena Industries Ltd. on the accounts of for the year ended 31st March 2011.

- i)
 - a) The company is generally maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) As per the information and explanation given to us, fixed assets are physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on such verification were not material.
 - c) There was no substantial disposal of the Fixed Assets.
- ii)
 - a) As explained to us, the inventories of the company except stock in transit, have been physically verified by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of operation of the company and have been dealt with in the books of accounts.
- iii)
 - a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
 - b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the products of the company are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. Read with the above, during the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- v) In our opinion and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi) The Company has not accepted any deposit from public in terms of section 58A and 58AA and the relevant provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanations given to us the Central Government has not prescribed for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- ix)
 - a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. As at 31st March' 2011, there were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as applicable

as at 31st March' 2010, which have not been deposited on account of a dispute are as follows -

Name of Statue	Nature of Dues	Amount (Rs. In Thousands)	Period of which the amount relates	Forum where dispute is pending
Excise Act	Excise Duty	2935	F.Y. 1996-97	CEGAT
Income Tax Act 1961	Fringe Benefit Tax	155	A.Y. 2006-07	I.T.O.
Value Added Tax	Value Added Tax	44,705 6,093 34,441	F.Y. 2004-05 F.Y. 2005-06 F.Y. 2006-07	Jt. Comm. of Sales Tax, Beliaghata Kolkata
Central Sales Tax	Central Sales Tax	6,912 21,757 10,110	F.Y. 2004-05 F.Y. 2005-06 F.Y. 2006-07	Jt. Comm. of Sales Tax, Beliaghata Kolkata

- x) There are no accumulated losses of the company. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution and banks as at the Balance Sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statue applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- xiv) In our opinion the company, is not dealing in or trading in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from Bank or financil institutions during the year.
- xvi) According to the information and explanations given to us, the Term Loan are being applied by the Company for the purpose for which the loan were obtained.
- xvii) According to the information and explanations given to us, on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) a) The Company has made preferential allotment of 60,00,000 equity shares of Rs.10 each, at a premium of Rs.70 per share during the year, against share warrant. In our view, the terms and conditions of aforesaid allotment are not prejudicial to the interest of the company.
- b) In our opinion and according to the information and explanations given to us, where the Company has created Share Capital Suspense Account for allotment of shares as per Scheme of Amalgamation approved by the Hon'ble High Court of judicature at Kolkata on 28th July, 2011 and filed with the Registrar of Companies on 05th September, 2011, consideration paid to the shareholders of the amalgamating transferor companies is, in our opinion, not prejudicial to the interest of the company.
- xix) There are no debentures issued and outstanding at the year end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us and representations made by management and based upon the audit procedures performed, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For D.C. DHAREWA & CO.
Firm Registration No. 322617E
CHARTERED ACCOUNTANTS

(D.C. DHAREWA)
PROPRIETOR
(MEMBERSHIP NO. 53838)

Date : 29.09.2011

BALANCE SHEET AS AT 31ST MARCH, 2011*(Rs in Thousand)*

	Schedule	As At March 31st, 2011		As At March 31st, 2010	
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	A	184,946		115,536	
Share Capital Suspense	A1	3,200		9,410	
Reserve and Surplus	B	<u>1,615,950</u>	1,804,096	<u>979,518</u>	1,104,464
Share Warrants			-		120,000
Loan Funds					
Secured Loans	C	1,597,973		962,939	
Unsecured Loans	D	<u>59,154</u>	1,657,127	<u>403,672</u>	1,366,611
Deferred Tax Liability			100,534		73,936
TOTAL			<u><u>3,561,757</u></u>		<u><u>2,665,011</u></u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	1,297,401		996,769	
Less: Depreciation		<u>332,605</u>		<u>260,818</u>	
Net Block		964,796		735,951	
Capital work in progress		<u>214,386</u>	1,179,182	<u>47,590</u>	783,541
Investments	F		25,361		20,911
Current Assets, Loans and Advances					
Inventories	G	752,093		558,779	
Sundry Debtors	H	1,725,781		1,281,014	
Cash and Bank Balances	I	190,489		122,987	
Loans and Advances	J	<u>451,686</u>		<u>383,781</u>	
TOTAL (I)		<u>3,120,049</u>		<u>2,346,561</u>	
Less : Current Liabilities and Provisions					
Current Liabilities	K	561,328		325,242	
Provisions	L	<u>201,510</u>		<u>160,760</u>	
TOTAL (II)		<u>762,838</u>		<u>486,002</u>	
Net Current Assets (I-II)			2,357,211		1,860,559
Miscellaneous Expenditure (To the extent not written off or adjusted)	M		3		-
TOTAL			<u><u>3,561,757</u></u>		<u><u>2,665,011</u></u>
Statement of significant Accounting Policies	U				
Notes on Accounts	V				

This is the Balance Sheet referred to in our Report of even date attached

For D. C. Dharewa & Co.

Chartered Accountants

Firm Registration No:322617E

D. C. Dharewa

Proprietor

Membership No.53838

Date : 29th September, 2011

Place : Kolkata

For and on behalf of the Board

D. C. Surana
Chairman

Narrindra Suranna
*Vice Chairman and
Managing Director*

A. B. Chakrabarty
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011*(Rs in Thousand)*

	Schedule	Year Ended March 31st, 2011	Year Ended March 31st, 2010
INCOME			
Turnover (Gross)	N	9,034,432	7,659,295
Less: Excise Duty		603,784	471,253
Net Turnover		8,430,648	7,188,042
Other Income	O	45,199	56,045
Increase/(Decrease) in Stock	P	(17,838)	42,210
Total (I)		8,458,009	7,286,297
EXPENDITURE			
Manufacturing Expenses	Q	7,464,726	6,332,082
Payment to and Provisions for Employees	R	89,606	61,753
Administrative, Selling and Other Expenses	S	443,007	331,485
Interest & Finance Charges	T	110,772	109,570
Depreciation		71,975	58,185
Less: Depreciation on amount added on revaluation		1,434	1,448
Total (II)		8,178,652	6,891,627
Profit before Exceptional items and Taxation (I - II)		279,357	394,670
Less : Prior Period Adjustment		1,549	2,116
Profit before Taxation		277,809	392,554
Less : Provision for Taxation			
Current Tax		56,000	78,500
Minimum Alternate Tax Credit		-	(15,100)
Short Provision for Tax for earlier years		3,752	918
Deferred Tax		26,598	29,173
Wealth Tax		137	-
Profit After Taxation		191,322	299,063
Balance brought forward from last year		666,397	480,138
Balance Brought Forward from amalgamating Company		(8,122)	(3,164)
Profit Available for Appropriation		849,596	776,037
Appropriation			
Proposed Dividend		41,392	25,418
Tax on Proposed Dividend		6,715	4,222
General Reserve		40,000	80,000
Balance Carried to Balance Sheet		761,489	666,397
		849,596	776,037
		<i>Rs</i>	<i>Rs</i>
Earning Per Share (Basic)		11.71	25.88
Earning Per Share (Diluted)		11.71	23.94
(Note 18 on Schedule - V)			
Statement of significant Accounting Policies	U		
Notes on Accounts	V		

This is the Profit and Loss Account referred to in our Report of even date attached

For D. C. Dharewa & Co.
Chartered Accountants
 Firm Registration No:322617E
 D. C. Dharewa
Proprietor
 Membership No.53838
 Date : 29th September, 2011
 Place : Kolkata

For and on behalf of the Board
 D. C. Surana
Chairman
 Narrindra Suranna
*Vice Chairman and
 Managing Director*
 A. B. Chakrabarty
Company Secretary

Statement of Cash Flow for the Year Ended 31st March, 2011

	Year Ended March 31st, 2011	Year Ended March 31st, 2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra Ordinary Items	279,357	394,670
Add: Depreciation	70,541	56,737
Loss on Sale of Fixed Assets	-	739
Sundry Balance Written Off	424	575
Preliminary Expenses W/Off	3	-
Interest Expenses	110,772	167,621
	181,739	109,570
	461,096	562,291
Less: Interest Income	10,048	18,492
Profit on Sale of Fixed Assets	839	-
Foreign Currency Fluctuation Gain (Notional)	126	32,214
	11,013	50,706
Operating Profit before Working Capital Changes	450,083	511,585
Adjustment for:		
Trade Receivable	(433,279)	55,338
Loans & Advances	43,280	(59,727)
Inventories	(172,331)	(173,756)
Provision	(4,931)	41,291
Trade & Other Payable	109,779	(277,146)
	(457,481)	(414,000)
Cash Generated before Extra Ordinary Items	(7,398)	97,585
Prior Period Expenditure	(1,549)	(2,116)
Cash Generated from Operations	(8,947)	95,469
Income Tax Paid	(62,581)	(64,318)
Net Cash Generated from Operations (A)	(71,528)	31,151
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including CWIP)	(201,082)	(148,615)
Advance towards purchase of Fixed Assets	(184,126)	-
Sale of Fixed Assets	3,697	4,590
Purchase of Investment	(5,045)	(20,029)
Interest Received	1,786	15,656
Net Cash Generated from Investing Activities (B)	(384,770)	(148,398)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	413,786	(59,178)
Share Warrants	360,000	120,000
Working Capital Loan from Bank	250,853	155,229
Short Term Borrowings	(374,123)	35,276
Interest Paid	(110,772)	(109,570)
Dividend Paid (Including Tax on Dividend)	(28,494)	(22,788)
Net Cash Generated from Financing Activities (C)	511,250	118,969
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	54,952	1,722
Cash & Cash Equivalents as at Beginning	122,987	107,071
Cash & Cash Equivalents taken over consequent upon amalgamation	12,550	14,194
Cash & Cash Equivalents as at End	190,489	122,987

NOTES:

- 1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on cash Flow Statements issued by the Institute of Chartered Accountants of India
- 2 Previous Year's figures have been regrouped where necessary to conform to the current year's classification.
- 3 Cash and Cash Equivalents comprise :

<i>Cash in Hand</i>	2,548	2,439
Balances with scheduled banks:		
<i>In Current Accounts</i>	39,126	25,438
<i>In EEFC Accounts</i>	39,723	-
<i>In Margin & Guarantee Deposit Accounts</i>	104,441	91,606
<i>In Unpaid Dividend Account</i>	4,650	3,504
	190,489	122,987

For D. C. Dharewa & Co.
Chartered Accountants
 Firm Registration No:322617E
 D. C. Dharewa
Proprietor
 Membership No.53838
 Date : 29th September, 2011
 Place : Kolkata

For and on behalf of the Board

D. C. Surana	Narrindra Suranna
<i>Chairman</i>	<i>Vice Chairman and Managing Director</i>

A. B. Chakrabartty
Company Secretary

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

(Rs in Thousand)

	As At March 31st, 2011	As At March 31st, 2010
SCHEDULE - A		
Share Capital		
Authorised		
3,06,00,000 (Previous Year 3,00,00,000)	306,000	300,000
Equity Shares of Rs 10/-each		
Issued, Subscribed & Paid Up		
1,15,53,600 Equity Shares of Rs 10/-each	115,536	115,536
Add: 60,00,000 (Previous Year. Nil) Equity Shares of Rs.10/- each issued against Convertible Share Warrants	60,000	-
Add: 9,40,986 (Previous Year. Nil) Equity Shares of Rs.10/- each issued pursuant to the Scheme of Arrangement without payment being received in Cash.	9,410	-
	184,946	115,536
Notes: of Above Shares		
(48,94,586 (Previous Year 39,53,600) Equity Shares of Rs.10/- each have been allotted as fully paid up pursuant to contract (Scheme of Amalgamation/Arrangements) without payment being received in Cash)		
SCHEDULE - A1		
Share Capital Suspense		
3,20,000 (Previous Year 9,40,986) Equity shares of Rs 10/- each to be issued as fully paid up due to merger of Bavaria Poly Private Limited (Previous year Alkom Speciality Compounds Limited) pursuant to scheme of Amalgamation. (See Note No.1 in schedule-V)	3,200	9,410
SCHEDULE - B		
Reserve and Surplus		
Capital Reserve (As per last Account)	1,291	1,291
Securities Premium Account		
As per last Account	31,295	31,295
Add: Amount received on allotment of equity shares against Convertible Share Warrants	420,000	-
	451,295	31,295
Add: Taken over pursuant to scheme of amalgamation Amalgamation Reserve	80,950	-
As per last Account	82,180	-
Add: Addition pursuant to scheme of arrangements	1,825	82,180
Revaluation Reserve		
As per last Account	24,037	-
Add: Taken over pursuant to scheme of amalgamation	-	25,485
Less: Depreciation arising out of revaluation	1,434	1,448
General Reserve		
As per last Account	174,318	87,560
Transfer from Profit & Loss Account	40,000	80,000
	214,318	167,560
Add: Addition during the year	-	6,758
Profit & Loss Account	214,318	174,318
	761,488	666,397
	1,615,950	979,518

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

Schedule - E Fixed Assets

(Rs in Thousand)

Particulars	GROSS BLOCK					DEPRICIATION					NET BLOCK	
	Cost as on 01.04.10	Taken over on Amalgamation	Addition during the year	Sales	As at 31.03.11	As at 01.04.10	Taken over on Amalgamation	For the year	Adjustment for Sales	As at 31.03.11	As at 31.03.11	As at 31.03.10
TANGIBLE ASSETS												
Free hold land	26,880	-	-	470	26,410	-	-	-	-	-	26,410	26,880
Factory Building	207,242	52,494	44,259	-	303,994	33,575	593	8,953	-	43,120	260,874	173,668
Plant & Machinery	615,964	19,775	151,378	-	787,118	182,419	560	50,810	-	233,788	553,329	433,545
Furniture & Fixture	8,974	387	1,017	-	10,379	2,076	23	620	-	2,719	7,660	6,898
Motor Car	21,407	666	4,428	3,922	22,580	4,614	20	2,100	1,534	5,200	17,380	16,793
Scooter, Moped & Cycle	335	-	42	-	377	231	-	17	-	248	129	104
Laboratory Equipment	14,232	-	721	-	14,953	9,350	-	1,074	-	10,424	4,529	4,882
Electrical Installation	78,941	6,039	18,160	-	103,141	18,602	145	5,741	-	24,488	78,653	60,339
Office Equipment	7,458	-	1,466	-	8,925	3,347	-	545	-	3,892	5,033	4,112
Air Conditioner	3,173	-	294	-	3,466	822	-	160	-	981	2,485	2,351
Computer	8,073	119	785	-	8,976	5,783	6	839	-	6,628	2,348	2,290
INTANGIBLE ASSETS												
Technical Knowhow	4,090	-	2,992	-	7,081	-	-	1,117	-	1,117	5,964	4,090
TOTAL	996,769	79,481	225,542	4,392	1,297,401	260,818	1,346	71,975	1,534	332,605	964,796	735,951
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	-	-	214,386	47,590
Previous Year	711,630	107,573	185,117	7,551	996,769	195,004	9,851	58,185	2,222	260,818	735,951	-

(Rs in Thousand)

As At	As At
March 31st, 2011	March 31st, 2010

SCHEDULE - C

Secured Loans

(For Security and Other details refer note no. 7 in shedule-V)

From Banks

Term Loan*

Rupee Loan from Banks

10,058

62,200

Foreign Currency Loan from Bank

467,500

-

Car Loan*

567

2,139

Cash Credit and Working Capital Demand Loan

1,023,794

772,941

(Includes FCNR Loan of Rs.50000 thousands, previous year Rs.Nil)

Buyers' Import Credit

96,054

45,229

Packing Credit Loan

-

80,430

* Amounts repayable within one year Rs.69,063 thousands

(previous year : Rs.53,714 thousands)

1,597,973

962,939

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

(Rs in Thousand)

	As At March 31st, 2011		As At March 31st, 2010		
SCHEDULE - D					
Unsecured Loans					
From Bodies Corporate		59,154		403,672	
(Including Interest Arrrued thereon)		59,154		403,672	
SCHEDULE - F					
Investments					
	Face Value				
	Rs.	No. of Shares	Amount	No. of Shares	Amount
Long Term - Trade					
Quoted					
Kalpena Plastiks Limited	10/-	2,002,920	20,029	2,002,920	20,029
Other Than Trade					
Quoted					
Dena Bank	10/-	14	1	14	1
Nicco Corporation Ltd. *	2/-	826,194	5,066	9,200	65
Unquoted					
Sterling Resorts Ltd.		-	131		131
Panchawati Holiday Resorts Ltd.	10/-	9,400	94	9,400	94
7 Year National Saving Certificate		-	30		10
5.5 Year Kissan Vikash Patra		-	10		10
Bavaria Associates Pvt Ltd **	10/-	-	-	57,050	571
			25,361		20,911
Aggregate Book Value of Investments					
Quoted					
			25,095		20,095
Unquoted					
			265		816
			25,361		20,911
Aggregated Market Value of quoted Investments					
			53,480		45,413
(*8,16,994 equity shares of Rs.2/- each for Rs.5000 thousands received as preferential allotment					
(**Cancelled pursuant to scheme of Arrangement)					
SCHEDULE - G					
Inventories					
(As taken, valued and certified by the management)					
Raw Materials - at cost or net realisable value whichever is lower			401,578		343,391
Finished Goods - at cost or net realisable value whichever is lower			102,330		113,561
Stores & Spares - at cost			6,652		6,328
Stock in transit - At cost			241,533		95,499
			752,093		558,779

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

(Rs in Thousand)

	As At March 31st, 2011	As At March 31st, 2010
SCHEDULE - H		
Sundry Debtors (Unsecured-considered good)		
Debts over six months	112,686	67,186
Other debts	1,613,095	1,213,828
	1,725,781	1,281,014
SCHEDULE - I		
Cash and Bank Balances		
Cash in Hand (As certified by the management)	2,548	2,439
Balances with scheduled banks		
In Current Accounts	39,126	25,438
In EEFC Accounts	39,723	-
In Margin & Guarantee Deposit Accounts	104,441	91,606
In Unpaid Dividend Account	4,650	3,504
	190,489	122,987
SCHEDULE - J		
Loans and Advances (Unsecured -Considered good) (Recoverable in cash or kind or for value to be received)		
Loan to a Body Corporate	15,416	-
Advance payment of Income Tax (Including Tax Deduced at Source)	154,436	123,803
Sundry Deposits	10,274	8,657
Interest Receivables	11,604	3,342
Prepaid Expenses	6,699	5,187
Other Advances	91,314	157,152
Advance to Suppliers	72,392	33,888
Balance with Central Excise Authorities	89,552	51,752
	451,686	383,781
SCHEDULE - K		
Current Liabilities		
Acceptances*	193,314	74,455
Sundry creditors for goods	261,806	165,501
Sundry creditors for expenses	67,062	51,393
Taxes & other duties payable	2,642	3,012
Other Liabilities	1,436	7,638
Advance from customers	8,372	4,810
Overdrawn Bank balance	32	4 5
Creditors for Fixed Assets	22,015	14,884
Unclaimed Dividend**	4,650	3,504
(*Secured by way of hypothecation of stocks & book debts in favour of the company's bankers)		
(**Investors Education and Protection Fund shall be credited by the unclaimed amount when due pursuant to section 205A and 205C of the Companies Act,1956)		
	561,328	325,242

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

(Rs in Thousand)

	As At March 31st, 2011	As At March 31st, 2010
SCHEDULE - L		
Provisions		
For Taxation (Net of MAT Entitlement)	150,785	123,571
For Leave encashment and Gratuity	2,618	7,549
For Proposed Equity Dividend	41,392	25,418
For Tax on proposed equity dividend	6,715	4,222
	<u>201,510</u>	<u>160,760</u>
SCHEDULE - M		
Miscellaneous Expenditure to the extent not written off or adjusted		
Preliminary Expenses		
Taken over pursuant to scheme of amalgamation	6	-
Less: Written off during the year	3	-
	<u>3</u>	<u>-</u>
SCHEDULE - N		
Turnover		
Gross (Sales)	9,008,424	7,657,165
Job Charges (Gross)	26,009	2,130
(Tax Deducted at Source Rs.515 thousands, Previous Year Rs.90 thousands)	<u>9,034,432</u>	<u>7,659,295</u>
Less : Excise Duty	603,784	471,253
	<u>8,430,648</u>	<u>7,188,042</u>
SCHEDULE - O		
Other Income		
Interest (Gross)	10,048	18,492
(Tax Deducted at Source Rs.836 thousands, Previous Year Rs.2488 thousands/-)		
Miscellaneous Receipts	4,479	5,333
Foreign Currency Fluctuation Gain (Net)	29,498	32,214
Profit on sale of fixed Assets	839	-
Profit from trading in Commodity	322	-
Rent	12	6
	<u>45,199</u>	<u>56,045</u>

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

(Rs in Thousand)

	As At March 31st, 2011	As At March 31st, 2010
SCHEDULE - P		
Increase/ (Decrease) In Stocks		
Closing Stock of Finished Goods	102,330	113,561
Less : Opening Stock of Finished Goods	113,561	68,793
Less : Stock Taken over pursuant to scheme of amalgamation	6,607	2,558
Increase/ (Decrease)	(17,838)	42,210
 SCHEDULE - Q		
Manufacturing Expenses:		
Raw Material Consumed	7,184,646	6,139,921
Repairs to machineries	10,500	6,512
Stores & Consumables	37,854	20,914
Carriage Inward	82,651	54,836
Production Overhead	22,952	13,589
Power & Fuel	124,314	94,567
Security Charges	1,658	1,286
Job Work Charges	151	457
	7,464,726	6,332,082
 SCHEDULE - R		
Payment and Provisions for Employees:		
Salaries Wages & Bonus	79,389	53,395
Staff Welfare Expenses	5,246	4,811
Contribution to Provident and other Funds	2,701	1,597
Gratuity	2,270	1,950
	89,606	61,753

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011

(Rs in Thousand)

	As At March 31st, 2011	As At March 31st, 2010
SCHEDULE - S		
Administrative, Selling and other Expenses		
Advertisement	798	623
Auditors Remuneration	575	548
Bank Charges	19,933	19,266
Bill Discounting charges	11,393	20,442
Book and Periodicals	108	75
Brokerage & Commission	2,548	3,028
Carriage Outwards	170,196	103,101
Charity & Donation	5,759	214
Clearing and Forwarding charges	62,824	43,273
Computer Processing charges	667	709
Consultancy Charges	9,268	12,158
Coolie & Cartage	13,385	10,288
Directors sitting Fees	203	232
Discount	71,474	53,489
Electrical Maintenance	3,056	1,995
Electricity Charges	821	719
Filing fees	16	413
General Expenses	1,915	2,266
Insurance Charges	6,456	5,962
L/C Charges	6,441	10,770
Laboratory Expenses	563	506
Listing Fees	506	237
Membership & Subscription	462	397
Motorcar Expenses	4,082	3,581
Postage & Stamp	1,064	872
Printing & Stationery	2,507	2,489
Rates & Taxes	4,695	1,866
Rent	8,442	7,704
Repair & Maintenance - Building	1,769	2,210
Repair & Maintenance - Others	5,127	3,797
Sales Promotion Expenses	7,856	3,942
Share Holders Service Charges	176	266
Telephone Charges	5,482	3,737
Travelling & Conveyance Expenses	12,013	8,996
Loss on Sale of Fixed Assets	-	739
Preliminary Expenses W/Off	3	-
Sundry Balances Written off (Net)	424	575
	443,007	331,485
SCHEDULE - T		
Interest & Finance Charges		
On Term Loan	22,249	9,326
On Others	88,523	100,244
	110,772	109,570

Schedule Annexed to and forming part of the Balance Sheet As At 31st March,2011 and Profit and Loss Account for the year ended 31st March,2011

Schedule - U : Significant Accounting Policies.

Statement of Significant Accounting Policies

1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared to comply in all material aspects with the notified Accounting Standards issued by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements are prepared under historical cost convention and on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those applied in the previous year.

2 Use of Estimates

The preparation of Financial Statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statement and the result of the operations during the reporting year end. Although these assumptions are made as per the Management 's best knowledge of current events and actions, actual result may differ from these estimates.

3 Fixed Assets:

- i All Fixed assets have been stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- ii Technical Know How will be amortised over a period of five years beginning from the financial year 2010-11.
- iii Foreign currency exchange differences to the extent covered under AS-11 (amended vide MCA notification no. G.S.R. 225 (E) dated 31 March 2009) on amounts borrowed for acquisition of fixed assets are adjusted to the carrying cost of the fixed asset.

4 Depreciation:

Depreciation on Fixed Assets has been provided on the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956 on prorata basis with reference to the date of addition.

5 Investment:

Investments are stated at cost of acquisition and treated as long term investments.

6 Borrowing Cost:

Borrowing cost that are directly attributable to acquisition and construction of qualifying asset are capitalised as part of the cost of such asset upto the date the asset is put to use. All other borrowing cost are charged to revenue on accrual basis unless otherwise stated.

7 Impairments:

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal as well as external factors. An impairment loss is recognised when the carrying amount of the asset is more than its recoverable value.

8 Revenue Recognition:

- i Sales are recognised on despatch to customers and include jobs charges, raw material sales & remission of Central Sales Tax and Vat Amount.
- ii Other income and expenditure are recognised and accounted on accrual basis.

9 Inventories.

- i Raw materials and Stores & spareparts: Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by using the Weighted average method.
- ii Finished Goods: Lower of cost and net realisable value. Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition.

10 Retirement and other Employee Benefits:

- i Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.
- ii Contribution towards provident funds are recognised as expenses and are made to government administered provident fund towards which the Company has no further obligations beyond its monthly contribution. Liability towards gratuity, covering eligible employees on the basis of year-end actuarial valuation is recognised as a charge.
- iii Accrued liability towards leave encashment benefits, covering eligible employees' is recognised as charge. Contribution to Central Government administered Employees' State insurance Scheme for eligible employees is recognised as charge. Super Annuation benefit scheme is not existing in the company at present.

11 Taxation:

- i Provision for current income tax is made in accordance with the Income-tax Act, 1961.
- ii Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.
- iii Provision for wealth tax liability is estimated in accordance with Wealth Tax Act, 1957

12 Contingent liability:

Disclosure for contingent liabilities are considered to the extent of notices or demands received by the company.

13 Earnings per Share:

The earnings considered in ascertaining the EPS of the Company comprises the Net Profit after providing for Provisions stipulated as per Accounting Standard 20(AS-20). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS after adjusting for the effects of the potential dilutive equity shares.

14 Foreign currency Transaction:

- i Transactions in the Foreign Currency are being converted into Indian currency by applying the rate prevailing on the date of occurrence.
- ii Outstanding balances of foreign currency monetary items are reported using the period end rates.

Schedule - V : Notes on Accounts.

1 Amalgamation:

- i Pursuant to the Scheme of Arrangement (the Scheme) approved by the shareholders and sanctioned by the Hon'ble High Court at Calcutta on 28th July ' 2011, under the provisions of the Companies Act, 1956 ('the Act'), the undertakings of Bavaria Poly Private Limited, the transferor company was transferred to and vested in the company as a going concern with effect from 1st April' 2010 (the Appointed Date) and accordingly the Scheme had been given effect to in these accounts. According to the said Scheme, with effect from the Appointed Date, Bavaria Poly Private Limited has carried out all their business and activities in trust for the Company till the Scheme becomes effective.
- ii In accordance with the scheme 3,20,000 number of Equity Shares of Rs. 10/- each fully paid up and ranking pari passu with the existing equity shares are to be issued by the company to the ordinary shareholders of Bavaria Poly Private Limited in the ratio of 2 (Two) equity share of Rs. 10/- each of the company for every 3 (Three) equity shares of Rs. 10/- each fully paid up held in Bavaria Poly Private Limited.
- iii The Amalgamation has been accounted for in the books of account of 'Kalpena Industries Limited' according to the pooling of interests method under Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India.
- iv Accordingly on and from the Appointed Date all assets, liabilities and reserves of Bavaria Poly Private Limited transferred to 'Kalpena Industries Limited' under the Scheme and recorded in the books of accounts of Kalpena Industries Limited at their respective book value and in the same form and manner as recorded in the books of accounts of Bavaria Poly Private Limited.
- v Pending completion of relevant formalities of transfer of certain assets and liabilities acquired/transferred pursuant to the Scheme of Arrangement, such assets and liabilities remain included in the books of the company under the name of the transferor/transferee companies.

- 2 In the opinion of the management, the decline in the market value of a quoted investment (other than trade) (carrying cost Rs.5065 thousands) by Rs.2661 thousands at the year end is temporary, in the view of the strategic long term nature of the investment and asset base of the investee company and hence, does not call for any provision there against. However, there is no diminution in the value of long term quoted investments, if market value of the investment taken together.
- 3 Information required by para 3 and 4 of part II of Schedule VI of the Companies Act, 1956.

i Particulars in respect of Goods manufactured :

Particulars	Unit	*Installed Capacity		Production	
		2010-11	2009-10	2010-11	2009-10
PVC Compound	MT	51,000	40,000	36,915	39,216
PE Compound	MT	103,500	87,000	73,110	60,607
PVC Sole & Hawai Chappal	Pairs/kg	8,500,000	8,500,000	-	5,298,796
**Agglomerates	MT	16,000	N I L	3,713	N I L
**Reprocessed Granules	MT	1,000	N I L	481	N I L
Scrap	MT	N.A.	N.A.	1,785	1,576

*Installed Capacity is certified by the Management and not verified by Auditors being technical matter.

**Includes the Installed capacity of transferrer Company.

ii Particulars in respect of sales of Goods manufactured :

Particulars	unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value
PVC Compound	MT	36,762	2,530,539	39,366	2,290,772
PE Compound	MT	73,239	4,947,805	59,960	4,070,160
PVC Sole & Hawai Chappal	Pairs/kg	-	-	5,322,296	592,413
Agglomerates	MT	3,800	123,323	N I L	N I L
Reprocessed Granules	MT	475	16,219	N I L	N I L
Scrap	MT	1,673	11,443	1,593	12,796
Others	MT	-	1,379,095	-	693,154
Total			9,008,424		7,659,295

iii Particulars in respect of Closing Stock:

Particulars	unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value
PVC Compound	MT	257	15,830	104	5,854
PE Compound	MT	1,541	80,922	1,670	106,231
PVC Sole & Hawai Chappal	Pairs/kg	-	-	-	-
Agglomerates	MT	69	2,924	N I L	N I L
Reprocessed Granules	MT	11	488	N I L	N I L
Scrap	MT	335	2,167	223	1,476
Total			102,330		113,561

iv Particulars in respect of Opening Stock:

Particulars	unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value
PVC Compound	MT	104	5,854	254	11,622
PE Compound	MT	1,670	106,231	1,023	57,563
PVC Sole & Hawaii Chappal	Pairs/kg	-	-	23,500	681
Agglomerates	MT	156	6,403	-	-
Reprocessed Granules	MT	5	203	-	-
*Scrap	MT	223	1,476	240	1,485
Total			120,168		71,351

*includes stock taken over pursuant to scheme of Amalgamation.

v Particulars in respect of Consumption of Raw Materials:

Particulars	unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value
PVC Compound	MT	104	5,854	254	11,622
PVC Resin	MT	18,984	951,992	20,678	941,325
LLDPE & LDPE	MT	48,529	3,247,399	46,904	3,024,622
Plastic Scrap	MT	4,848	166,390	-	-
Others		-	2,818,865	-	2,173,974
Total			7,184,646		6,139,921

4 Value of Imported and Indegenous Raw Materials, Stores and Spare Parts consumed.

Particulars		2010-11		2009-10	
		Rs.	% of Total Consumption	Rs.	% of Total Consumption
Stores					
i Imported		205	1%	754	4%
ii Indegenious		37,649	99%	20,160	96%
		37,854	100%	20,914	100%
Raw Materials					
i Imported		2,482,595	35%	1,984,371	32%
ii Indegenious		4,702,051	65%	4,155,550	68%
Total		7,184,646	100%	6,139,921	100%

5 Value of Imports Calculated on CIF basis.

Particulars	2010-11	2009-10
Raw Materials	2,521,040	2,036,183
Capital Goods	41,753	69,731
Stores and Spares	205	561
Total	2,562,998	2,106,475

6 Capital Commitment:

Estimated amount of contracts remaining to be executed on capital account and not provided for is amounting to Rs.20447 Thousands (Previous Year Rs.32188/- thousands). (Net of advances)

7 Secured Loans.

i Term Loan From State Banks of India & Dena Bank:

These Loans are secured by first charge created by way of mortgage of company's Land and Building and other fixed assets located at D-403, Dharam Palace, CHS limited, Shantivana, Borivalli (E), Mumbai-400066, on first Pari-passu basis.

Foreign Currency Loan From Standard Chartered Bank:

Secured by exclusive charge on existing movable and immovable assets of Bhasa Unit in Kolkata and Silvassa Unit-I, Exclusive charge on all movable fixed assets of Kandua Unit, Kolkata, Exclusive charge on all movable assets of Bhiwadi Unit.

ii Cash Credits and working capital demand from Banks:

a Is secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores & spares and book debts of the Company.

b Mortgage of Flat located at D-403, Dharam Palce, CHS limited, Shantvaan, Borivalli (E), Mumbai-400066, on First Pari-passu basis.

c These loans are further secured by a second charge over the residual value on the Fixed assets of the units both present and future located at the Dabhel Industrial area, Daman.

iii Car Loan

Car Loan is secured by Hypothecation against Motor Car.

8 Contingent Liability not Provided in the books:

Particulars	2010-11	2009-10
Letter of Credit	676,932	213,408
Bank Guarantee	48,760	23,083
Excise Duty demands pending in appeal with CEGAT	1,330	1,330
Penalty levied by Excise Authorities	1,605	1,605
Total	728,627	239,426

9 Sundry Debtors/ Creditors:

Closing Balances of Sundry Debtors, advances, other receivables and Creditors are subject to confirmation to be obtained from parties. The company has initiated procedures for obtaining confirmation from such parties.

10 Sundry Creditors:

Details of dues to Micro and Small Enterprises as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, based on the available information with the Company are as under:

Particulars	2010-11	2009-10
(i) Principal amount as at the end of the year	Nil	5,571
Interest thereon as at the end of the year	Nil	Nil
(ii) Amount paid beyond the respective due date during the year	Nil	Nil
Interest paid thereon in terms of Sec.16 during the year	Nil	Nil

11 Particulars of forward contract outstanding and un-hedged foreign currencies exposure:

Particulars		2010-11	2009-10
i) Forward Contract outstanding			
Foreign Currency Loan	USD	10,000,000	Nil
	INR	467,500	Nil
ii) Un-hedged Foreign Currency Exposure			
a) Current Liabilities - Sundry Creditors	USD	2,639,066	2,513,893
	INR	117,834	114,608
	EURO	10,243	Nil
	INR	648	Nil
	AED	1,855,656	Nil
	INR	22,472	Nil
b) Current Assets - Sundry Debtors	USD	3,408,893	871,142
	INR	152,207	38,705
	AED	100,553	Nil
	INR	1,218	Nil

12 Expenditure in foreign currency (accrual basis)

Particulars	2010-11	2009-10
Travelling	2,083	1,972
Exhibition	2,146	-
Others	1,965	-
Total	6,194	1,972

13 Earning in foreign currency (accrual basis)

Particulars	2010-11	2009-10
Exports at F.O.B. Value	625,693	265,452
Exchange Fluctuation	29,498	32,160
Total	655,191	297,612

14 Segment reporting:

- i Primary Segment (Business Segment): The Company operates in a single reportable segment (i.e. Manufacturing and sale of PVC and XLPE compound, which have similar risk and returns for the purpose of AS 17 on 'Segment Reporting' issued by ICAI.
- ii Secondary segment (by Geographical demarcation):

Particulars	2010-11	2009-10
Segment Revenue:		
Domestic	7,804,955	6,922,590
Overseas	625,693	265,452
Segment Debtors:		
Domestic	1,584,915	1,241,322
Overseas	140,866	39,692

Note: The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets / additions to other assets has not been furnished.

15 Salary, Wages & Bonus includes Directors Remuneration:

Account Head	2010-11	2009-10
Salary	960	960
Allowances	480	480
Total	1,440	1,440

16 Employee Benefits:

- i Provision for defined contribution plan viz. Provident and Other Fund amounting to Rs.2701 thousands (Previous Year Rs.1597 thousands) has been charged to the Profit and Loss Account during the year.
- ii Description of type of employee benefits: The Company offers to its employees defined benefits plans in the form of Gratuity and leave encashment. Fund is created for payment of gratuity. However, no fund is created for payment of leave wages, the Company would pay the same out of its own funds as and when the same becomes payable.

(Rs. in '000')

Particulars	Year Ended 31st March 2011	Year Ended 31st March 2010
Changes in present value of obligation		
Present value of obligation as at beginning of the year	5,665	4,071
Add: Present obligation of transferor company	36	44
Interest cost	470	332
Current service cost	1,248	985
Past Service Cost	-	260
Benefits paid	(103)	(401)
Actuarial (gain) / loss on obligation	753	374
Present value of obligation as at end of the year	8,069	5,665
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	210	-
Contributions	5,353	401
Benefits paid	(103)	(401)
Actuarial (loss) / gain	(9)	-
Fair value of plan assets at the end of the year	5,451	-

- iii Para 132 of AS-15 (Revised 2005) does not require any specific disclosure except where expenses resulting from compensated absence is of such size, nature or incidence that disclosure is relevant under Accounting Standard 5 or Accounting Standard 18 and accordingly the expenses resulting from compensated absence is not significant and hence no disclosures are given under various paragraphs of AS-15.

iv Expenses recognised in the profit and loss account

Particulars	Year Ended 31st March 2011	Year Ended 31st March 2010
Current service cost	1,248	985
Past Service Cost	-	260
Interest cost on benefit obligation	470	332
Expected Return on Plan Assets	(210)	-
Net actuarial (gain) / loss recognised in the year	762	374
Expenses recognised in the profit and loss account	2,270	1,951

v The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

(Rs. in '000')

Particulars	Year Ended 31st March 2011	Year Ended 31st March 2010
Discount Rate	8.30%	8.30%
Expected Rate of return on Asset	0.00%	0.00%
Future Salary Escalation Rate	7.00%	7.00%
Mortality Rate	LIC-1994-96	LIC-1994-96

*The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

17 Related Party Transactions:

As per Accounting Standard 18 (AS-18) on related party disclosure issued by the Institute of Chartered Accountants of India, the transaction with related parties of the company are as follows.

(Rs. in '000')

Name	Nature of Relationship	Nature of Transaction	Transaction during the Year 31.03.2011	Outstanding as on 31.03.2011
Narrindra Suranna	Vice chairman and Managing Director	Remuneration	1,440	-

18 Earnings Per Share:

Year Ended	March 31, 2011	March 31, 2010
a) Net Profit after Tax for basic earnings per Share (Fully Attributable to Equity Share Holders)	191,322	299,063
Adjustments for the purpose of Diluted earnings per Share	-	-
Net Profit after Tax for Diluted earnings per Share.	191,322	299,063
b) Weighted average number of equity Shares for Earning per Share Computation		
i Number of equity Shares at the beginning of the Year	11,554	11,554
ii a) Number of equity Shares allotted during the Year	6,941	-
b) Number of Equity Shares to be allotted on amalgamation.	320	941
iii weighted average Number of Equity Shares allotted during the year.	4,779	-
iv Number of Potential Equity Shares	-	-
v Weighted average for:		
a) Basic Earning per Share	16,332	11,554
b) Diluted Earning per Share	16,332	12,495
c) Earning Per Share		
i Basic	11.71	25.88
ii Diluted	11.71	23.94
d) Face Value Per Share	Rs.10	Rs.10

19 Deferred Tax Liability:

Components of net deferred tax liability:

Particulars	March 31, 2011	March 31, 2010
Deferred tax liability		
Differences between written down value in block of fixed assets as per tax books and financial books.	101,648	79,357
Deferred tax asset		
Carry forward Losses as per Income Tax Act		(2,856)
Effect of expenditure debited to profit and loss account in the current / earlier years but allowable for tax purposes in following years.	(1,115)	(2,565)
Net Deferred tax liability	100,533	73,936

20 Auditors' Remuneration:

This Includes

Year Ended	March 31, 2011	March 31, 2010
a) <i>For</i> Statutory Audit	270	270
b) <i>For</i> Tax Audit Fees	55	55
c) <i>For Others & Out of Pocket Expenses</i>	250	223
Total	575	548

- 21 National Saving Certificates, Kishan Vikas Patra and Fixed Deposits are disclosed as deposit under the head Cash and Bank Balances have been lodged with various authorities as margin deposit and security money.
- 22 There was no impairment loss on Fixed Assets on the basis of review carried out by management in accordance with Accounting Standard issued by the Institute of Chartered Accountants of India.
- 23 There are no amount due and outstanding to be credited to Investor Education and Protection Fund.
- 24 Provision for Income Tax has been made u/s 115JB of the Income Tax Act 1961
- 25 Consequent to effectuation of the scheme of amalgamation referred to in note 1 above, current year figures includes figures of erstwhile Bavaria Poly Private Limited, as such the corresponding figures of the previous year are not directly comparable with those of the current year.
- 26 Previous Year's figures are regrouped or rearranged wherever necessary to conform to this year's classification.
- 27 Figures in the Schedules have been rounded off to the nearest Thousand.

As per our Report of even date annexed herewith

For D. C. Dharewa & Co.
Chartered Accountants
 Firm Registration No:322617E
D. C. Dharewa
Proprietor
 Membership No.53838
 Date : 29th September, 2011
 Place : Kolkata

For and on behalf of the Board

D. C. Surana <i>Chairman</i>	Narrindra Suranna <i>Vice Chairman and Managing Director</i>
A. B. Chakrabartty <i>Company Secretary</i>	

Balance Sheet Abstract and Company's General Business Profile FOR THE YEAR ENDED 31.03.2011

i) Registration details :

Registration No. : State Code :

Balance Sheet As on 31st March, 2011

ii) Capital Raised During the Year (Amount in Rs.'000')

Public Issue

Bonus Issue

Right Issue

Private Issue

iii) Position of mobilisation of Fund (Amount in Rs. '000')

Total Liabilities

Total Assets

Sources of Funds :

Paid up Capital

Reserve & Surplus

Share Capital Suspense

Unsecured Loan

Secured Loans

Deferred Tax Liabilities

Application of Fund :

Net Fixed Assets

Investment

Net Current Assets

Misc.Expenditure

iv) Performance of Company (Amount in Rs.'000')

Turnover

Total Expenditure

Profit before tax

Profit after tax

Earning Per Share (Basic)

Dividend Rate (%)

Earning Per Share (Diluted)

Dividend Rs.per share

v) Generic Names of Products/Services of Company
(As per monetary terms)

Item Code No.
(ITC Code)

Product Description Manufacturing of PVC Compound

Item Code No.
(ITC Code)

Product Description Manufacturing of XLPE Compound

Item Code No.
(ITC Code)

Product Description Hawai Chappal

Item Code No.
(ITC Code)

Product Description PVC Sole (Part of Hawai Chappal)

For D. C. Dharewa & Co.
Chartered Accountants
Firm Registration No:322617E
D. C. Dharewa
Proprietor
Membership No.53838
Date : 29th September, 2011
Place : Kolkata

For and on behalf of the Board

D. C. Surana
Chairman

Narrindra Suranna
Vice Chairman and
Managing Director

A. B. Chakrabartty
Company Secretary

KALPENA INDUSTRIES LIMITED
Registered Office: 2B, Pretoria Street, Kolkata – 700 071

ADMISSION SLIP

Folio No.	
DP ID	
Account ID	
No. of Shares	

I hereby record my presence at the 26th Annual General Meeting of the Company being held at Gyan Manch Auditorium, 11, Pretoria Street, Kolkata – 700 071 on Saturday, the 12th November, 2011 at 10:00 A.M. and at any adjournment thereof.

Signature of the attending Member / Proxy	
---	--

Notes:-

1. A Member / Proxy holder attending the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed. Joint holders may obtain additional attendance slip on request.
2. A Member / Proxy holder attending the meeting should bring copy of Annual Report for reference at the meeting.

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KALPENA INDUSTRIES LIMITED
Registered Office: 2B, Pretoria Street, Kolkata – 700 071

PROXY

I/We _____ of _____
_____ being a Member / Members of KALPENA INDUSTRIES LIMITED, hereby appoint
Shri/ Smt/Km./ _____ of _____
_____ or failing him Shri / Smt./ Km./ _____
_____ of _____ as my/our proxy to attend and vote for me /us and on
my/our behalf at the 26th Annual General Meeting of the company to be held on Saturday, 12th November, 2011, at 10.00
A.M. at Gyan Manch Auditorium, 11, Pretoria Street, Kolkata – 700 071 and at any adjournment thereof.

As witness my/our hand (s) this Day of 2011.

Folio No.	
DP ID	
Account ID	
No. of Shares	

Signature _____

Affix Re.1 /-
Revenue
Stamp

Notes:-

1. The Proxy form duly completed and signed should be deposited at the Registered Office of the Company situated at 2B, Pretoria Street , Kolkata – 700 071 not later that 48 hours before the commencement of the Annual General Meeting.
2. A proxy need not be a member of the Company.
3. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

TEAR HERE

PRODUCT RANGE

PVC Compounds

- Insulation
- Sheathing

Insulation and Sheathing for Flexible Cables, Thin Cables, Flat Cables, Heat Resistant Cables, Flame Retardent & Low Smoke Cables, Oil Resistant Cables

PE Compounds

- Silane Grafted XLPE Compound upto 1.1.KV (LT / LTABC / FR / SELF CURE / MV)
- Silane Grafted XLPE Compound for MV upto 35 KV
- XLPE Compounds for continuous Vulcanization Line upto 35 KV
- Zero Halogen FRLS Compounds
- Semi- Conductive Compounds
- Cable Insulation (upto 36 KV).
- Cable Insulation (upto 36 KV).
- Telephone Cables.
- Flame Retardent & Low Smoke Cables.
- Medium Voltage Cables (33 KV).

Filled Compound & Master Batches

- Calcium Carbonated / Talc filled in PE and PP
- PP Woven Sacks, Strapping Band, Twine PP, Thermoforming, BOPP Films, HM HD Film, PE Pipes & Profiles, Blow & Roto Moulding, Injection moulded Products.

Speciality Master Batches-

- Additives UV, Antioxidant Processing Aid Optical Brightner, Lubricant
- Special Effect Silver, Golden, Grainy, Pearlscent, Marbel Finish
- All types of Moulded & Extruded Plastic Products.
- Master batch – White, Black & Colour

Footware Compound

- PVC Compact & Micro cellular
- TPR Glossy, Matt, Semi – matt Transparent & colour
- PVC / NBR Compact & Micro-cellular
- EVA Cross linked Foam
- Shoe sole, Complete Shoe, Slipper / Sandal.
- Unit sole, Heel, Mid sole.
- Shoe sole, Complete Shoe.
- Slipper / Sandal.

Pipe Compounds

- PEX
- PVC – Rigid
- For hot water pipes & fittings.
- For Pipe fittings & Joints

Engineering Plastics

- Nylon / PP filled Compound
- For Automotive Application
- Nylon modified compound
- For Automotive Application



BOOK POST



If undelivered, please return to :

KALPENA INDUSTRIES LIMITED

2B, Pretoria Street, Kolkata - 700 071,

Tel : +91-33-2282 3744 /45/3671/99, Fax : +91-33-2282 3739

E-mail : kolkata@kalpena.co.in

www.kalpenagroup.com